Group Report 2018 / UNIQA Group

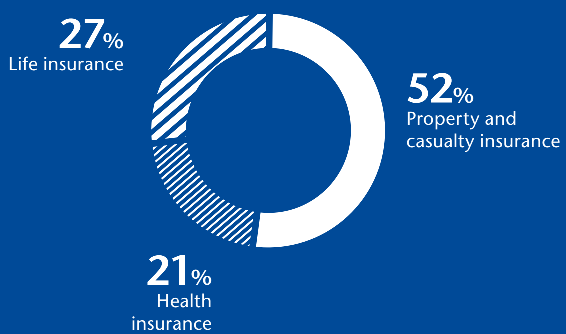
At the forefront.

Think UNIQA

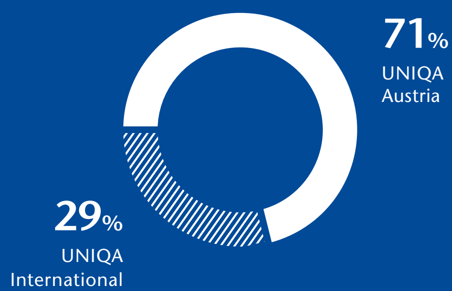
Think safer, better, longer living.

UNIQA Group is one of the leading insurance groups in its two core markets: Austria and Central and Eastern Europe (CEE). Around 19,000 employees and exclusive sales partners serve 10.1 million customers across 16 countries. Commanding a market share of around 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, Montenegro, North Macedonia, Poland, Romania, Russia, Serbia, Slovakia and Ukraine.

Balanced portfolio …



… in the core markets of Austria and CEE



Premium distribution

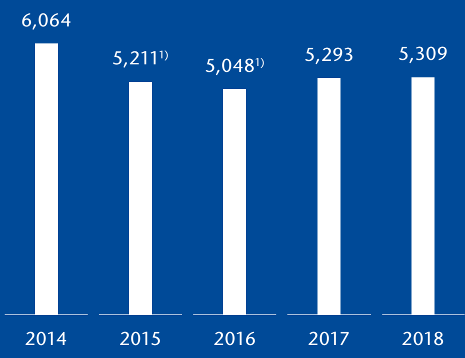
Think UNIQA

UNIQA Group at a glance

Consolidated key figures In € million	2018	2017	Change
Premiums written	**4,989.0**	**4,811.7**	**+3.7%**
Savings portions from unit-linked and index-linked life insurance (before reinsurance)	320.5	481.6	–33.5%
Premiums written including savings portions from unit-linked and index-linked life insurance	**5,309.5**	**5,293.3**	**+0.3%**
of which property and casualty insurance	2,774.4	2,639.7	+5.1%
of which health insurance	1,086.4	1,042.0	+4.3%
of which life insurance	1,448.6	1,611.6	–10.1%
of which recurring premiums	1,335.8	1,357.7	–1.6%
of which single premiums	112.7	254.0	–55.6%
Premiums written including savings portions from unit-linked and index-linked life insurance	**5,309.5**	**5,293.3**	**+0.3%**
of which UNIQA Austria	3,734.4	3,656.6	+2.1%
of which UNIQA International	1,564.6	1,608.5	–2.7%
of which reinsurance	1,098.3	1,091.6	+0.6%
of which consolidation	–1,087.9	–1,063.4	+2.3%
Premiums earned (net)	**4,760.7**	**4,627.9**	**+2.9%**
of which property and casualty insurance	2,584.1	2,495.1	+3.6%
of which health insurance	1,080.3	1,038.9	+4.0%
of which life insurance	1,096.3	1,094.0	+0.2%
Savings portions from unit-linked and index-linked life insurance (after reinsurance)	320.9	476.2	–32.6%
Premiums earned including savings portions from unit-linked and index-linked life insurance	**5,081.7**	**5,104.1**	**–0.4%**
Insurance benefits[1]	**–3,626.6**	**–3,547.4**	**+2.2%**
of which property and casualty insurance	–1,690.1	–1,644.8	+2.8%
of which health insurance	–900.8	–877.6	+2.6%
of which life insurance[2]	–1,035.7	–1,025.0	+1.0%
Operating expenses (net)[3]	**–1,314.7**	**–1,276.0**	**+3.0%**
of which property and casualty insurance	–811.0	–788.5	+2.9%
of which health insurance	–183.9	–168.0	+9.4%
of which life insurance	–319.8	–319.5	+0.1%
Cost ratio (net after reinsurance)	**25.9%**	**25.0%**	–
Combined ratio (net after reinsurance)	**96.8%**	**97.5%**	–
Net investment income	**581.2**	**572.1**	**+1.6%**
Profit/(loss) on ordinary activities	**294.6**	**264.6**	**+11.3%**
Net profit/(loss)	**235.1**	**184.4**	**+27.5%**
Consolidated profit/(loss)	**243.3**	**171.8**	**+41.6%**
Operating return on equity	**10.5%**	**10.2%**	–
Investments	**19,337.1**	**20,059.2**	**–3.6%**
Shareholders' equity	2,972.1	3,158.0	–5.9%
Equity, including non-controlling interests	**2,986.6**	**3,249.4**	**–8.1%**
Technical provisions (net)[4]	21,644.8	21,793.3	–0.7%
Total assets	**28,616.2**	**28,743.9**	**–0.4%**
Number of insurance contracts	20,373,488	19,372,143	+5.2%
Average number of employees (FTE)	**12,818**	**12,839**	**–0.2%**

[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

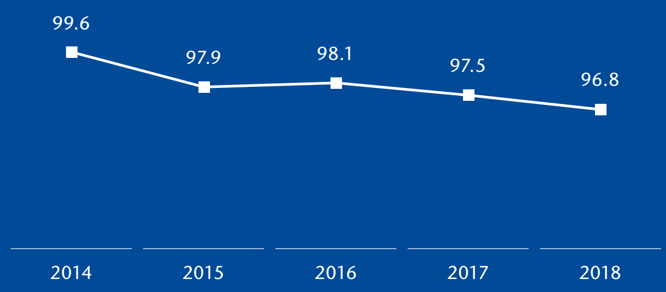
Premiums written
In € million



[1] Excluding Italy

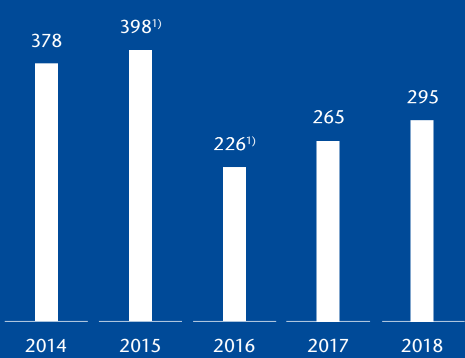
(Including savings portions from unit-linked and index-linked life insurance)

Combined ratio
In per cent



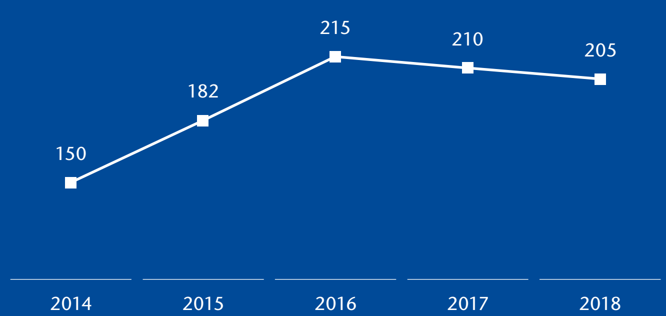
(After reinsurance)

Earnings before taxes
In € million

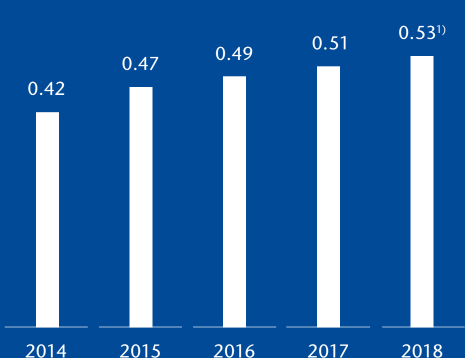


[1] Excluding Italy

Economic capital ratio (ECR ratio)
In per cent

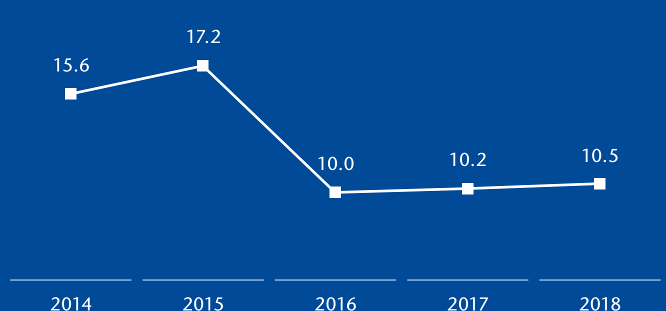


Dividend per share
In €



[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 180.

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[1] Evaluated externally

[2] Reviewed

At the forefront.

Our UNIQA annual report 2018 is like a financial DNA test. A strategic fingerprint. An accountability report to you as our shareholders. And the penultimate annual report in our UNIQA 2.0 strategic programme that launched in 2011 and is due to be completed in 2020.

We look forward to sharing our plans for the future with you in 2020. A future that promises to be more exciting than ever for our industry, particularly as the complexity and the pace of change are greater than ever before. At this vital stage, it is important for us to be particularly mindful. To find the right balance between optimising our existing business model and prioritising investments – often disruptive ones – for our future. To stay at the forefront of our industry's evolution.

Highlights of 2018

UNIQA continues to invest in infrastructure

In 2018, the UNIQA Group continued to expand the scope of its infrastructure investments. Two solar energy projects are co-financed in Spain, for example, and the Group invests in a motorway in France. It also subscribes to three infrastructure funds. As a result, the UNIQA Group had investments of around €310 million in infrastructure bonds and loans in 2018.

UNIQA EXPANDS VENTURE CAPITAL INITIATIVE

UNIQA Ventures, which invests in market-ready start-ups in the fintech, health tech, smart home and mobility sectors, plans to expand its partnerships with European venture capital stakeholders and innovators from other industries. To that end, venture capital activities are being combined within UNIQA Ventures GmbH, a wholly-owned subsidiary of the UNIQA Group, and investment capital increased by €25 million.

CHERRISK: local innovation with international potential

UNIQA Hungary launched a pilot project in September 2018 known as "CHERRISK", aimed at making the insurer a round-the-clock service provider rather than a pure product provider, completely repositioning the traditional business. Customers can take out insurance solely using digital and automated resources and process any claims at www.cherrisk.com. Yet they also collect cherries there as a type of digital currency, e.g. by changing to winter tyres in good time. Cherries are collected as reward for risk-conscious behaviour, with around one million collected in the first few months alone, and are then transferred to social projects, or customers may also use them to reduce their premiums.

Profitable growth in CEE

We gained 640,000 new customers in Central and Eastern Europe in 2018 alone, while at the same time increasing our earnings before taxes in the region by just under 30 per cent to €55 million. This confirms our long-term strategy: in addition to our profitable Austrian business we are also gradually establishing a stable second geographic pillar in CEE with growth potential and do not let ourselves be deterred by short-term challenges presented by politics, regulators or the competition.

UNIQA Austria makes life insurance cheaper and more profitable

After UNIQA Austria revolutionised classic life insurance as a first step in 2014, a fundamental reorientation of unit-linked life insurance followed in 2018. UNIQA Austria has thus entirely repositioned both product types: acquisition costs were drastically reduced, and the products have been made generally more flexible. Aside from the new flexibility in the products, benefits with both types of insurance include the possibility of withdrawals and additional payments during the term without the incurring of any additional costs. Furthermore, the costs for the new products are charged on an ongoing basis, so a larger portion of the premium flows directly into the investment. This means the customer is able to generate a higher return over the long term.

UNIQA pulls out of coal-based business models

The UNIQA Group heralded the start of its gradual exit from coal-based business with its voluntary commitment that was decided on in 2018. As of 2019, it will no longer enter into any new customer business with companies from the coal industry. UNIQA will proactively support existing customers with transformation of their coal-based business models. What is more, social and ecological criteria are being taken into account in investment decisions: UNIQA's investment portfolio is already free of coal-based investments as of the end of January 2019. As a result of this, UNIQA was the first insurance company in Austria to be awarded a bronze sustainability certificate for investment strategies from the Austrian Society for Environment and Technology (ÖGUT) in March 2019.

UNIQA INSURANCE PLATFORM: FIRST PRODUCT GOES LIVE

An important milestone was achieved in June 2018 when the first product went live in UNIQA Insurance Platform, the biggest programme in our history, aimed at upgrading the core systems in all our business lines. Unit-linked life insurance policies taken out with UNIQA Austria by customers of bank sales partner Raiffeisen are now being managed via the new IT core system. This new modern platform solution will dramatically reduce product development time (time to market), massively increase flexibility in the product design and also significantly reduce the operating costs of all data processing in the medium term.

UNIQA Austria launches a mobile customer portal

In addition to the myUNIQA web portal, UNIQA customers now also have easy, around-the-clock access to the portal's most important features via the myUNIQA app introduced in 2018. For example, they may conveniently review their insurance policies, report any damages or submit doctor invoices and medication receipts (easily photographed with a mobile phone). All sensitive data provided is of course protected by fingerprint or password. With the new app, UNIQA is taking another step towards becoming an integrated service provider rather than a pure provider of insurance products and is also satisfying its customers' demand for 24-hour online availability via mobile.

UNIQA sells shares in Casinos Austria

The sale of UNIQA's indirect stake of 11.35 per cent in Casinos Austria Aktiengesellschaft to CAME Holding GmbH, which was decided in January 2017, was legally completed in the first quarter of 2018. UNIQA realises an extraordinary accounting profit of €47.4 million from the sale.

Dear ladies and gentlemen,
dear shareholders,

With 2020 approaching, our long-term strategic programme, UNIQA 2.0, which we presented to you in the middle of 2011, is slowly coming to an end. The penultimate full financial year for UNIQA 2.0 was 2018, which was a solid year:

- Firstly, we are continuing to keep a watchful eye on the solid foundation that is our “common UNIQA House”[1], i.e. our balance sheet and our capital position. Our solvency capital ratio (SCR) remains – also compared internationally – at a strong 248 per cent. Our even stricter internal measure, the economic capital ratio (ECR), is at 205 per cent, well above the defined target range of 190 per cent. As a result, UNIQA now has surplus capital amounting to around €700 million. We would like to use it to invest in sustainably profitable growth; inorganic growth would also be an option, but not at any cost. In terms of premiums, we clearly prefer disciplined yield optimisation over simple growth. If it is not possible to invest in inorganic growth under sensible financial conditions, we shall also provide you with alternatives on how to allocate the funds when we present our future strategy for 2021 and beyond.

- Secondly, we are making progress on our five Group initiatives, which form the “first floor” of our “House”:

  In 2018, our Group’s **changes in premiums** were better than anticipated, with a slight increase of 0.3 per cent in our three business lines (property and casualty insurance, life insurance and health insurance).

  The **technical result** is also higher than that of last year. This is because we are disciplined in terms of cost management and underwriting, and have experienced a year featuring low levels of natural disasters. Our net combined ratio, one of our most important financial indicators, reached 96.8 per cent and continues to improve, thus progressively approaching our objective of 95 per cent in 2020.

  As our **capital earnings** have developed according to plan, including the extraordinary income of €47.4 million from the sale of our participation to Casinos Austria, our net **earnings before taxes** have increased to €295 million. Another added bonus is that the contributions of our subsidiaries in CEE are increasing step by step and in line with our strategy. For reasons related to diversification, we would like to develop a second geographical powerhouse over the next few years in addition to our high-performing Austrian subsidiary. With a tax rate of around 20 per cent, our **net income** has risen to €243 million. For this reason, at our annual general meeting we will suggest that dividends to shareholders be raised by 2 cents to €0.53 per share. As a result, the pay-out ratio will fall to approximately 67 per cent.

- Thirdly, we are working intensively on the optimisation of our investment and human resources, located on the “second floor” of our “House”. This “floor” symbolises the future of our industry: **AI-related innovation, robotics, digital offers for customers and new business models**. Not only do we have to finance these developments with income generated through our basic business, but these are developments which also regularly demand the valuable knowledge and precious time of our employees on the “first floor”. However, if these employees dedicate most of their time to daily business or the multitude of regulatory requirements such as IDD, the GDPR or IFRSs 9/17, accounting standards that will be binding from 2022, there will be a delay in implementing these innovative projects, or they will not be implemented to the fullest extent.

> “Change is occurring faster and faster, meaning that we must noticeably pick up our pace if, in the digital era, we are to remain relevant to our customers.”

[1] Please see the illustration in the strategy section on page 29. The UNIQA House symbolises various aspects of the UNIQA 2.0 strategy as well as its main activities.

Which is why we are looking to optimise our large project portfolio and to find a good mix of projects addressing regulatory requirements, investments for our business operations and real projects for the future. This is something we do literally every single day. In this context it was a blow to us when Alexander Bockelmann, the member of our Group Executive Board who was in charge of Digitalisation until the end of January 2019, transferred to an international Swiss competitor. But that demonstrates the challenge we are facing: on the one hand, our company boasts many exceptionally talented employees from around the globe, but on the other hand we will have to offer them even more leeway as well as better options for personal development. What preoccupies me the most is the question as to how we can comply with all the regulatory requirements effortlessly and excellently whilst conducting our core business as effortlessly and excellently as possible and still have enough resources to allocate towards innovative projects that really benefit our clients. This also worries me because change is occurring faster and faster, meaning that we must noticeably pick up our pace if, in the digital era, we are to remain relevant to our customers.

> “Our vision is to develop into an integrated health provider step by step.”

In the last full year of UNIQA 2.0, our long-term strategic programme, we are working intensely on that very subject: our future. We will be presenting you with the detailed version of these plans in the middle of 2020. With **“Performance Gap”** as our motto, we are working on significantly improving our profitability, our ROE and our ability to pay out dividends sustainably. Simply put, the production and sales costs of our products are currently too high due to deliberately accelerated investments in the future viability of our company that started in 2016. At 25.9 per cent, our cost ratio is above that of our global top peers. We want to lower it progressively and sustainably without making poor savings-related decisions about the most important investments in our future.

At the same time, we are using **“Opportunity Gap”** as a motto to work towards offering our customers more innovative solutions relevant to them more quickly, particularly in the field of healthcare. Our vision is to develop into an integrated health provider step by step.

Finally, ladies and gentlemen, for the seventh year in a row I would like to reiterate our intention to continue to pay out a higher dividend per share every year – on the basis of continuously growing income, our extremely strong capital position and sustainable cash flow. At the same time, I would like to thank you on behalf of all our employees for your interest in our exciting and exceptionally well-positioned company. My colleagues from the Management Board and I wish to tackle the challenges ahead optimistically and to shape the future of our company in a daring way. We continue to delight in doing whatever we can to ensure that not only our customers, but also especially you as a shareholder benefit from safer, better, longer living.

Best regards,

Andreas Brandstetter
CEO UNIQA Insurance Group AG

Who are we?

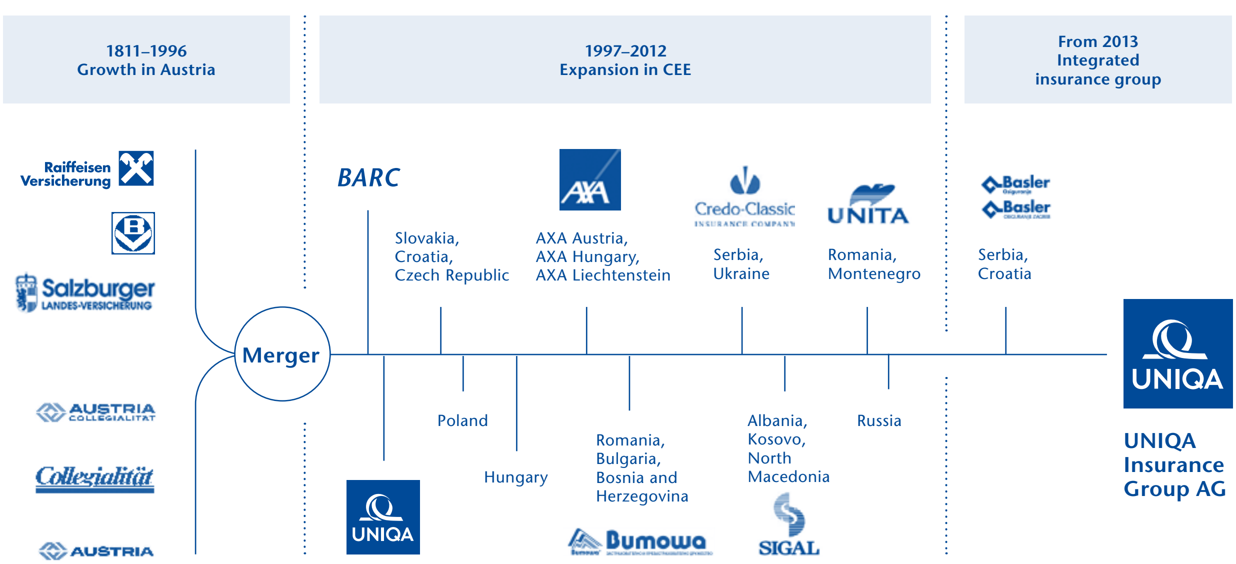
Four words are enough to describe UNIQA's mission: our customers should enjoy safer, better and longer living.

Think
safer, better,
longer living.

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



A different approach to customer focus

We want to be aware of customer needs and market trends as they emerge, and – in concert with our customers – are developing innovative products and services that speak directly to them and to their lives. Our strategy thus aims to recognise our customers' needs as early, precisely and thoroughly as possible. With the new Customer & Market department created at the beginning of 2018, UNIQA Austria puts customer focus at the heart of strategic product and service development.

Partnering with our customers as equals

Our insurance business is about providing a service. This is why UNIQA works hard to identify its customers' aspirations, expectations and fears, and to devise solutions appropriate to their specific situations. To truly understand our customers, we spend a lot of time and effort delving into their motivations, their particular circumstances and their needs.

To this end, we have developed user models that describe members of target groups by shared characteristics – so-called "personas". We cluster them not according to demographic criteria, but by expectations and general attitudes and then expand on these by including insurance-specific aspects and particular attitudes and preferences with respect to subjects like health, mobility and sustainability. These models allow us to approach the entire product development process in a radical new way, i.e. from the customer's perspective.

Any new product development project is preceded by customer surveys to ascertain the potential added value the project would have for our customers. To do this, we employ quantitative telephone or online surveys or questionnaires, qualitative personal interviews, user tests and eye-tracking methods. Our applications are developed in line with our customer-centred design process, which is divided into three stages: recognising and understanding customer needs, generating ideas and creating prototypes of solutions, and testing with real users.

Because we meet our customers where they have a need, we can provide them with even greater value in the form of individualised services and products. Added value creates loyalty and loyal customers have no reason to switch their insurance provider.

Individual attention, greater transparency

We not only aspire to be there for our customers when they need us, but to make sure they can find us wherever they may look and whatever they may be doing. Instead of limiting themselves to one form of communication, many customers prefer to use whatever form happens to be easiest in any particular situation. They can get in touch with us through one of our 400 ServiceCentres across the country, our customer service representatives, our broker partners, our banking and sales partner Raiffeisen, our website and online customer portal, our app, the UNIQA telephone customer service, the medical Competence Centre, or one of our Central ServiceCentres.

With this broad range of ways to access information and advice, we aim to provide our customers with assistance for all of their insurance-related questions. Our focus is on convenience, intelligibility and transparency. Even reviewing and signing an insurance contract should be easy to understand, transparent and convenient.

PILOT PROJECTS IN THE PIPELINE

- Development of a fast and simple tool for customer feedback via smartphone
- Optimisation of Google searches for our locations by federal state
- Transformation of uniqa.at – new communication styles and user-friendly stories for our customers
- Expansion of modern communications channels such as apps, customer portals or chatbots

From process-oriented to customer-oriented

We regularly assess customer satisfaction so that we know whether our efforts are actually having the desired effect. We have developed our own instrument to assist us in this process – the Customer Centricity Index (CCI), which is regularly updated with additional relevant important goals and data points.

10.1

million customers

To create a starting reference point for the Index, we conducted a survey of more than 4,000 customers and non-customers in early 2018, in which we asked about UNIQA's and our competitors' biggest weaknesses and greatest strengths. We identified five significant drivers of customer satisfaction and willingness to recommend a company to others: "Damage or Loss", "Sales", "Brand", "Service" and "Product". Of these five, a positive experience related to damage or loss had the greatest effect on decisions to recommend a company to others.

Specific data points were compiled with respect to each driver, which were then used to calculate a relative weighting. Finally, these data points for individual drivers were used to compile the Customer Centricity Index (CCI). Since its introduction at the beginning of 2019, the Index has been computed monthly.

Alongside the collection of these data points, we have also defined goals for 2019 for each of the drivers and additionally created an entire set of measures that were implemented concurrently with the introduction of the Index. These efforts help to ensure a stable and lasting customer-oriented corporate culture.

UNIQA CUSTOMER CENTRICITY INDEX

The following data points are used to define the five drivers comprising the UNIQA Customer Centricity Index:

- Product
  - Value for money
  - Online performance
  - Transparency
- Sales
  - Degree of customer service
  - Quality of advice
  - Proactive offers
- Damage/Loss
  - Rapid processing
  - Transparent processing
  - Straightforward case management
  - Flexible claim reporting
- Service
  - Use of the online portal
  - Complaints management
  - Satisfaction with customer service
  - Service components
- Brand
  - Brand stability
  - Brand reliability
  - Exclusivity
  - Image

Strongly rooted in Austria, on a growth course in CEE

Thanks to our two core markets, Austria and CEE, we have a strong base in our home market and, at the same time, are well positioned in a region with great growth potential. Both markets contribute significantly to the success of the UNIQA Group.

Austria: well positioned with a strong brand

We have been operating our insurance business in our domestic market of Austria for more than 200 years. With a market share of around 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 standard of living in Austria.

CEE: insurance density on the rise

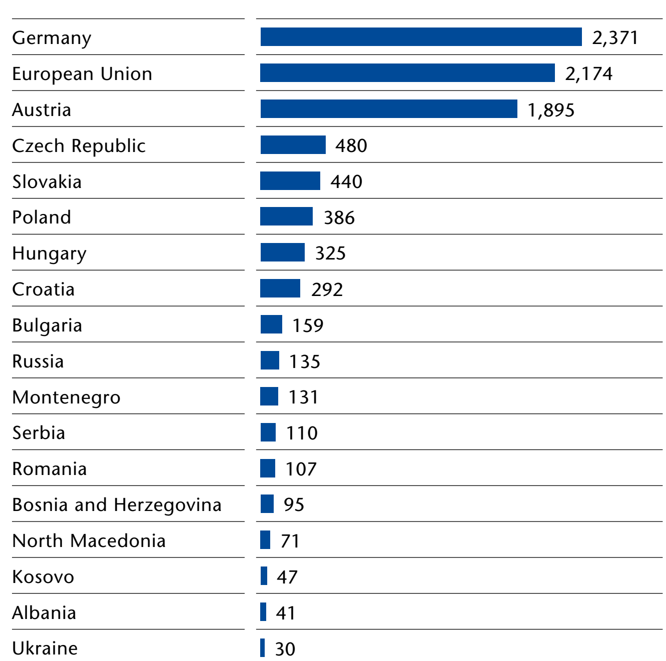
The increased spending on insurance in our CEE markets is even more significant. This region is home to more than two-thirds of our customers, i.e. more than six million people. With a population of around 155 million people – rising to about 300 million people including Russia – the region has experienced 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 €210. But the region is making noticeable progress: in the more developed insurance markets such as the Czech Republic, Hungary, Poland and Slovakia the average premium per person is about €400 and rising. Growth is almost inevitable. In order to exploit this potential, we rely on strong inside sales in CEE as well as on our established partnership with Raiffeisen. The extensive sales partnership with Raiffeisen Bank International (RBI) gives us direct access to approximately 13 million Raiffeisen customers in twelve countries in CEE.

High potential in CEE

Insurance spending per person and year in euros



The pin shows the market position in the relevant country.

[1] Market position in Russia relates solely to life insurance.

Growing together

People work with us in 16 countries and from around 20 different occupational groups – from apprentices in sales to mathematicians in the actuarial division and doctors in our medical centre of excellence. Despite our different nationalities, educational backgrounds, characters and personalities we all share something very important: a passion for UNIQA and a desire to play an active role in shaping the future.

The central principle here is that: we look to support our customers in living safer, better and longer lives. And: the image that we have in the outside world is also the one that we want to experience within the company.

Welcomed & supported

First impressions count, even for a company. UNIQA has therefore developed a two-day onboarding programme for new employees in order to provide them with an exciting and informative start at the company. In addition to facilitating content, networking with colleagues also plays an important part in this, as the initial personal contacts made here help to make future work processes easier. Even the company's leaders get to know the new employees right from the start: CEO Andreas Brandstetter takes the time to welcome them personally and to answer their questions. Four of these events took place in 2018 with a total of 219 employees attending (105 women and 114 men).

In order to draw talented people's attention to us as a potential employer at an early stage, we attach particular importance to contact with high potentials within the framework of university exchanges. For instance, we are one of the main sponsors of the WU Top League mentoring programme for university students and also sponsor various events at the University of Vienna. We regularly present at Austria's largest careers fair Career Calling, and also took part in the Long Night of Companies careers event for the first time in 2018.

Employer in 16 countries

User-friendly & clear – the new UNIQA training platform

Accompanied learning is part of everyday life at UNIQA. This is why we actively support our employees with their personal and professional development through a comprehensive range of educational and continuing education. E-learning has been available to all employees in field sales and the back office for some time, including via smartphone since 2018.

We have also been processing all of our training including a wide-ranging programme of topics via the new UNIQA learning platform since 2018, from the broad-based training catalogue and an overview of the training courses completed to booking options, access to learning materials and options for carpooling with other course participants.

Implementation of the Insurance Distribution Directive (IDD) has also been made easier through the new training platform, with each course displaying how many IDD-related lessons it contains. Both employees and managers have full automatic visibility into whether the required 15 lessons of IDD-related further training have already been completed.

The plan is for this modern learning platform now to be implemented in all major countries at UNIQA International as a Group-wide solution.

Develop & promote

UNIQA has also been breaking new ground with managerial training with a flexible programme since 2016. This is a voluntary programme based on individual responsibility and flexibility with modules that can be freely selected and combined. After being in place for just two years, both our SHAPE and NEXT International managerial programmes can already point to 106 and 71 successful graduates respectively. While SHAPE is aimed at top executives in Austria as well as all Board members at UNIQA International's subsidiaries, NEXT International aims to boost the skills of our top international talent.

NEXT AT, our third management programme aimed at middle managers and currently featuring 271 participants, is running until mid-2019.

WHO ARE WE?

Question & improve

We carried out a new type of employee survey for the first time in September 2017 and now plan to establish it as the new standard within the UNIQA Group. As part of this survey, employees are asked openly for their opinions and assessments with the aim of contributing towards improving commitment, satisfaction and motivation with concrete actions. In response to the results UNIQA managers in Austria defined more than 1,000 specific improvement measures in 2018, with work now ongoing to implement them.

We carried out a brief review in Austria in September 2018 of successful implementation of these measures. Both the participant rate and the results of this survey were well above the figures for the previous year. A comprehensive employee survey is now pending once again for 2019. Broadly based employee surveys also took place in 2018 in Poland, the Czech Republic, Slovakia (including the Group Service Centre), Romania and Bosnia and Herzegovina. A further survey is also planned in 2019 in Ukraine.

Flexible & trustworthy

One of the measures implemented in 2018 as a direct response to the results of the employee survey was the introduction of the "mobile working" scheme. With this, UNIQA is responding to a desire expressed by many employees for greater emphasis on individual responsibility for actions within the company.

Since then, employees of UNIQA Austria have been able to work at home, on the road or wherever they wish for up to eight days each month. There are two things that we hope to achieve with this: we want to encourage a management style based on trust and performance, and at the same time we also want to increase employee satisfaction even further. This means that in addition to accommodating our existing employees' expectations of a modern employer, we are also specifically accounting for demands coming from new applicants.

International & mobile

The diversity of our team is one of our strengths and an important building block for success as an international group. We actively promote the transfer of knowledge and cooperation between our national companies so that we can exploit this potential in a targeted way. Employees can also work abroad in our foreign subsidiaries as part of our mobility programme, and gain valuable international career experience by assuming temporary executive roles or key functions or by collaborating on international projects.

Sharing in our success

Commitment and performance are valued highly at UNIQA and are thus also rewarded accordingly. A bonus system for managers and employees in key positions based on the company's financial success and a performance-related bonus scheme for field sales management are therefore essential components in our variable remuneration schemes.

We have also developed a profit-sharing bonus system for employees with no variable remuneration components, meaning that other UNIQA employees can also share in the company's positive development as appropriate. In addition, we provide long-term support for our employees in the form of retirement pensions, occupational disability benefits and survivors' pensions.

Work & life balance

Our multi-faceted and diverse offering allows employees to experience on a practical level that "better living" is actually part of UNIQA's DNA: from UNIQA's children's days, the holiday circus camp for employees' children together with our Family Day and the UNIQA daughters' day, to various health incentives (including krav maga, Pilates, Sing@work), massages, options for a "daddy month" after the birth of a child, annual meetings with employees on parental leave, the "Healthy Management" workshop, the KeepBalance mental health hotline, and the Mystery Lunch, through to our dry cleaning service directly at head office and a pharmacist delivery service with employee discounts – UNIQA has plenty of opportunities on offer to make everyday life easier for employees and to promote a work/life balance.

Think together we grow.

Group Executive Board

Erik Leyers, 49
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 obtained a degree in economics in Munich and began his career in 2001 at McKinsey.

Wolfgang Kindl, 52
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.

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. In January 2019, he additionally took office as President of the Austrian Insurance Association (VVO). Kurt Svoboda studied business administration in Vienna and completed the International Management programme in St. Gallen. He began his career at KPMG in Vienna and gained experience at Wiener Städtische and AXA.

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

Klaus Pekarek, 62
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. Prior to 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 the University of Graz.

Andreas Brandstetter, 49
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/IMADEC. Before joining UNIQA, he was the director of Raiffeisen's EU office in Brussels. In May 2018, Andreas Brandstetter was elected for a three-year term as President of Insurance Europe, the representation of European insurance and reinsurance undertakings.

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.

Property and casualty insurance

Protection against loss of assets

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.

Not only is property insurance the oldest, but it is also the largest segment of the insurance industry in the world based on premiums. This is also true for UNIQA: around 52 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 disasters. 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.

The “classic” insurance …

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.

At the same time, the safety requirements for 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 over ten years of experience 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 a personal emergency assistant in the car and on the mobile phone, a crash sensor and a car finder. A premium savings option is also available if a customer chooses not to use their mobile phone while driving. By encouraging that, we provide targeted support for accident prevention. Around 100,000 customers have already embraced the benefits of this product.

… generates around 52 per cent of the group premiums

Around 52 per cent of Group premiums

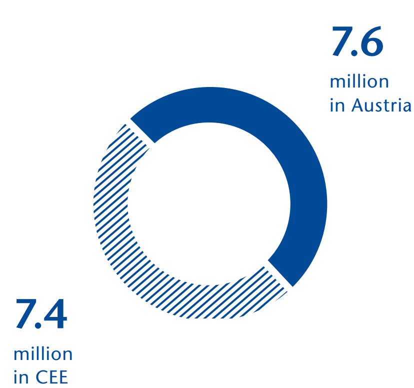
As already mentioned above, around 52 per cent of the premiums written by the UNIQA Group come from property and casualty insurance. The private customer business accounts for the largest share at 70 per cent. But business with companies and corporations of all kinds – from a one-person business to globally 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 46 per cent of the total premiums in property and casualty insurance; in CEE this number is 68 per cent.

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 around 35 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.

15 million contracts in property and casualty insurance



Life insurance

Providing for the future

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 around €9 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 them. 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

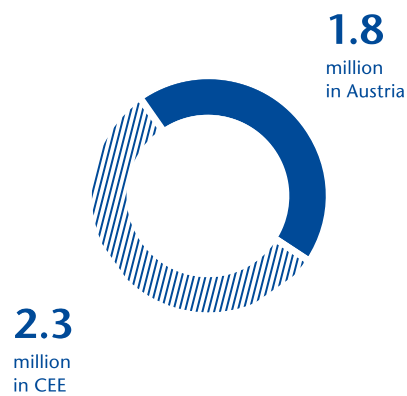
As early as in December 2014, UNIQA Austria was the first insurance provider in Austria to introduce a brand-new model for classic life insurance to the market. It does away with a discount rate, but offers a 100-per cent capital guarantee on net premiums. The product is not only flexible and transparent, but 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 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 27 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 4.1 million contracts in this sector.

4.1 million contracts in life insurance



Around 71 per cent of the premiums written by the UNIQA Group in life insurance are in Austria, with CEE currently contributing around 29 per cent. Within the operating segments, life insurance accounts for around 27 per cent of total premiums in both Austria and 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
27 per cent
of the premiums written by the UNIQA Group come from life insurance.

Health insurance

In the service of health

Health insurance has been an important core competency of UNIQA for many years. In 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 will continue in future

These services will become even more important in 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 public healthcare system, providing expedient and unbureaucratic access to medical services or simply when they have medical questions.

FACTS & FIGURES

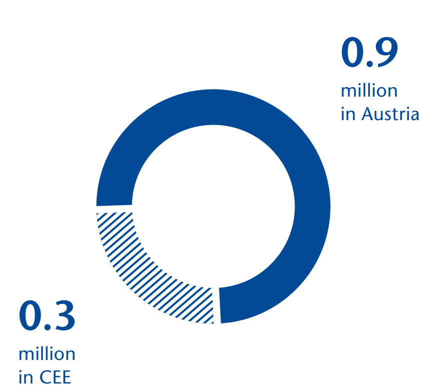
- We are saving lives: since immediate help is crucial in the event of cardiac arrest, the UNIQA Foundation and UNIQA Austria, in cooperation with the Red Cross, have already supplied 48 defibrillators for public spaces as of the end of 2018.
- Health check for companies: the UNIQA Mobile HealthCheck enables preventive healthcare directly at the company site for up to 100 employees per day.

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, i.e. 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.

More moderate premium shares, higher profitability

With about a 21 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.

1.2 million contracts in health insurance



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.

More than 90 per cent of the premiums written in health insurance are accounted for by Austria, with CEE currently contributing around 7 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 have seen in Austria and Western Europe.

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

Health insurance has been an important core competency of UNIQA for many years. In 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 the first implementation phase during 2011 and 2012 in which we concentrated on “getting ready”, we were able to achieve initial successes in the second phase (2013 to 2015). On page 28, 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 29 – 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 will flow into the redesign of our business model, the creation of expertise in terms of personnel and 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 p.a. 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 declined accordingly 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 (ECR)
2011: < 100%
2012: 108%
2013: 161%
2014: 150%
2015: 182%

5 Attractive financial figures

– Improving earnings before taxes by up to €400m

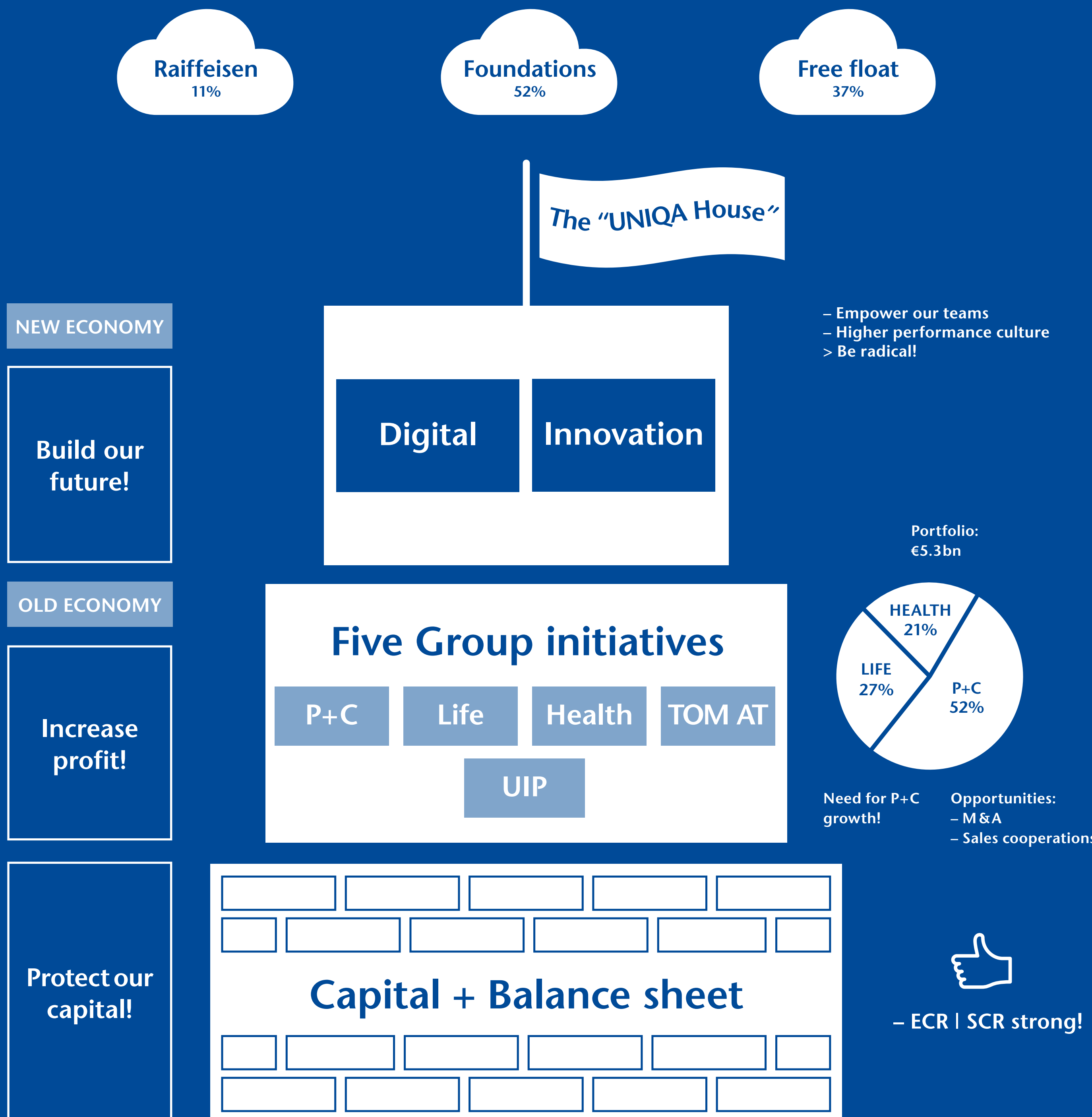
+190%

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

[1] Including Italian contributions

Getting ready
Phase 1: 2011–2012

Initial successes
Phase 2: 2013–2015



Combined ratio
2016: 98.1%
2017: 97.5%
2018: 96.8%

Earnings before taxes
2016: €226m[2)]
2017: €265m
2018: €295m

Dividend per share
2016: €0.49
2017: €0.51
2018: €0.53[3)]

ECR
2016: 215%
2017: 210%
2018: 205%

[2)] Excluding Italian contributions

[3)] Proposal to the Annual General Meeting

Shaping the future

Phase 3: 2016–2020

WHAT MAKES US ATTRACTIVE TO INVESTORS?

Capital – the foundation for our activities

Customer confidence in our ability to settle 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, but the calculation used to determine it is also very conservative compared to our European competitors. For example, UNIQA does not 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; 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, be of a significant size and generate economic value.

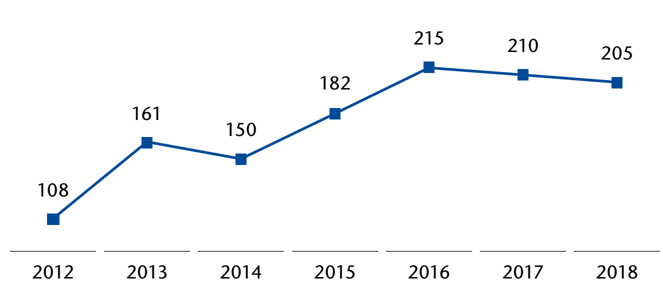
205% ECR

UPDATE 2018
Capital – the foundation for our activities

While our capital ratio climbed steadily and significantly over the past years through ongoing reinforcement of our capital base, additional cash flows received from company sales (particularly of the business in Italy) and approval of a partial internal model, in 2018 our objective was to maintain the excellent level we achieved. Despite a more than challenging year on the financial markets, we achieved this objective with an economic capital ratio (ECR) of 205 per cent as at 31 December 2018. Our regulatory capital ratio (SCR) was even higher at 248 per cent, as some European government bonds are categorised as risk-free in the standard model.

Notwithstanding the improvements in recent years, we also dedicated ourselves to continuous improvement of our internal model. Preparations were already made in this regard in the reporting period aimed at bringing these improvements into effect in 2019. The central objective here is to harmonise the ECR and SCR and thereby also to bring our internal perspective in line with the regulatory perspective.

Development of the ECR
In per cent



1 **Property and casualty insurance**
Further increases in earnings power

2 **Health insurance**
Confirmation of our leading position

3 **Life insurance**
Repositioning of the product portfolio

4 **UNIQA Insurance Platform**

5 **Target Operating Model (TOM)**

Five Group initiatives: continuous efficiency and profitability improvements in the core business

Five strategic initiatives in our core underwriting business build on the foundation of our 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: Further increases in earnings power

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, we have initiated a number of projects here 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 2018
Property and casualty insurance

In line with our strategy we were able to improve the combined ratio even further in property and casualty insurance, to 96.8 per cent in 2018. We had to post more major damage in the industrial segment, even though the storm damage was below average in the reporting year. The balance of the damage was thereby within the scope of our forecasts in 2018.

Essential drivers for the actuarial improvements achieved were significant increases in average premiums in car insurance, as well as strong growth in the homeowners and commercial sectors, both in the CEE markets and in Austria. Our multi-year programmes in portfolio management and in underwriting also made an impact. We respond to our target segments far more effectively today based on modern data analyses and active new business monitoring, and are also able to control our growth much more closely. In claims management, on the other hand, we increasingly laid our focus on achieving higher customer satisfaction.

The new initiatives we prepared included cyber risk cover for industrial customers, with a package combining insurance and integrated service, as well as the launch of D&O insurance. We also formed a joint venture for innovative mobility services with a view towards future changes in mobility behaviour. Lastly, in CEE, we launched pilots for new telematics-backed, flexible motor vehicle insurance, building on our many years of experience with telematics solutions in Austria.

2 Health insurance: Confirmation of our leading position

UNIQA is the clear market leader in Austrian health insurance. This area is a crucial centre of excellence and therefore a main pillar that supports our 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 play a leading role in this transformation. Further expansion in services to customers is a key priority here. We are planning selective investments for this throughout the value chain in the areas of health advice and provision, health services and digital health solutions.

UPDATE 2018
Health insurance

The Akut-Versorgt (acute care product) presented in 2017 and rolled out last year continues to be very well received. In collaboration with Döbling Private Hospital, which is also part of the UNIQA Group, this package grants our customers in the Vienna area rapid access to medical care on weekends or at night, for example, in cases of cuts, circulatory problems or sports injuries. Offered as a cost-effective insurance module, this service has now also been successfully rolled out to the Greater Salzburg area. Implementation is planned in the Graz, Klagenfurt and Lustenau regions in the first quarter of 2019.

In addition, we set up the new online health platform "medUNIQA.at" as an important service in 2018. UNIQA customers are able to find out comprehensive information here on health issues and on existing and new VitalServices. A significant step was also the successful launch of a network of private medical practitioners, and of other healthcare providers such as pharmacists, laboratories and radiology institutes. As part of the initial phase we were able to ensure rapid access to expert medical care as well as direct billing for the services provided for the international students insured with one of our comprehensive policies. The LARA project (the name comes from the German acronym for Labs, Doctors, X-rays and Pharmacies) aims to push forward with further expansion of the network in 2019, including plans to also make it available to all our health insurance customers.

3 Life insurance: Repositioning of 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 and for UNIQA despite the low interest rates and that have capital requirements in line with profitability.

UPDATE 2018
Life insurance

We presented our new unit-linked life insurance in June 2018, and at the same time released it as the first product for bank sales on the UNIQA Insurance Platform (UIP), our new IT core system. This completes the realignment of our product landscape in endowment life insurance. The new products meet all regulatory requirements, provide important benefits as compared with the competition and can also continue to exist sustainably in today's difficult capital market environment. At the same time, preparations are underway for the roll-out of additional products on the UIP and for the transfer of current insurance portfolios onto the new platform in 2019.

4 UNIQA Insurance Platform (UIP)

The objective of the 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: the 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 overall 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 2018
UNIQA Insurance Platform (UIP)

The first important programme milestone of introducing unit-linked life insurance for Austrian bank sales was completed with the successful go-live on 13 June 2018. Phase 1 of the UIP was therefore completed on time, on budget and within scope.

In parallel with this, we also worked intensively on phase 2, i.e. activating unit-linked life insurance for sales, in order to ensure the go-live scheduled for June 2019. Preparations for phase 3 involving the implementation of classic life insurance on the new platform started in the second half of 2018 as well.

In addition to this focus on life insurance, preparatory work also began in early 2018 for property and casualty insurance, meaning that we will be able to begin implementation of products from this business line starting in 2019.

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”, mostly involves internal processes that are not 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, on 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 reach a double-digit million euro figure 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 2018
TOM – Target Operating Model UNIQA Austria

A major priority for TOM in 2018 was the laying out of detailed plans for cooperation between the Group Service Centre in Nitra, Slovakia, and the control and processing entities in Austria. This included the implementation of processes for control measures and continuous improvements, along with specification of the key figures across the different sites. Essential processes from the central Austrian service entities and regional offices were also outsourced to the Group Service Centre by September, as scheduled. This important step was followed by a phase of stabilisation and quality assurance.

We also introduced optical character recognition (OCR) for out-patient health insurance in 2018. A large proportion of the manual recording activities can now be saved through the potential for optical recognition of virtually all types of documents. We plan to increase the level of automation and therefore the effects of savings even further in 2019.

A further innovation in 2018 included the implementation of an energy monitoring and management system for 96 UNIQA sites throughout Austria. We have already been able to develop numerous measures in the first year aimed at improving energy efficiency and at reducing energy costs based on the information gathered through the system. In addition to isolated upgrades to the technical infrastructure, these also included various changes in our consumption behaviour.

Lastly, we carried on with our efforts to clean up our product portfolio in preparation for the UNIQA Insurance Platform (UIP). One-third of the legacy contracts defined in phases 1 and 2 were processed by the end of 2018 as a result. This clean-up will also represent an important focal point for 2019.

Innovation and digitalisation – we will stand by our customers in future as well

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 future as well.

Innovation – becoming a service provider: This strategic initiative is concerned with further evolution of the insurer value chain from providing coverage only 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 2018
Innovation

Establishment of an Open Innovation Unit provided new momentum for UNIQA innovation management in 2018; this unit collaborates across corporate boundaries with external innovation drivers such as universities, other companies and the start-up accelerator weXelerate. The intention is for new trends to become established at UNIQA while innovations are developed with external partners and then translated into pilot projects at UNIQA's specialist departments.

As a further pillar, in 2018 we also combined and further expanded our venture activities in UNIQA Ventures GmbH as a vehicle for investments in young companies and start-ups. Aside from Playbrush, a company operating in the dental hygiene sector, other new investments took place in the reporting year in health (doctorly software for doctors) and basic IT (Insly software for brokers) technologies. We are also planning further direct investments over the next few years in the areas related to health, mobility, home and so-called risk buddies.

As part of an additional track to these direct investments, we set up a fund for investments in FinTech companies in collaboration with Raiffeisen Bank International and venture capital specialists Speedinvest. The fund started operations in early 2019 with an endowment of €50 million.

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 heart of this, since communication channels and customer requirements related to quality, response times and service expectations will also undergo a significant transformation in the insurance industry over the next few years. 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 2018
Digitalisation

This strategic initiative made significant progress in 2018 in establishing new digital points of contact for our customers. For instance, the UNIQA ServiceBot (chatbot for customers), the new myUNIQA customer portal and the myUNIQA app, which among other things enables photo-based submission of receipts for outpatient health insurance services, were all successfully introduced over the course of the year. In addition to Austria, the new myUNIQA solutions have also been available to our health insurance customers in Switzerland since early 2019. These new digital points of contact now form the basis for the expansion and provision of new digital services.

In terms of our international markets, we focused primarily on expanding our online business and the introduction of new digital products via the web pages for our relevant national companies. Our first internal Insurtech start-up was also launched in September 2018 with CHERRISK in Hungary. CHERRISK represents a new model for insurance sales and customer interaction aimed specifically at web-savvy customers and featuring a high degree of interaction along with numerous self-service options.

In addition, this also helped drive internal corporate digitalisation forward significantly. For instance, we implemented a new core insurance solution in Romania for administering life insurance, and also launched a similar project in Russia. Tests were carried out in numerous country organisations on robotic process automation (RPA), with initial projects also launched here in some cases.

Employee and management training on modern working methods such as design thinking and agile project management is also a critical factor for success with these digitalisation initiatives. We therefore first integrated these topics into the training plans for our management teams in 2018. However, corresponding employee training is also already underway in numerous country organisations.

Shape the future

UNIQA 2.0

You can rely on UNIQA

Despite rising inflation rates worldwide, trade conflicts and latent market uncertainty, UNIQA once again showed good business performance for 2018 and can raise its proposed dividend to €0.53 per share. The company's solid foundations – as evident in its excellent market position, robust capital base and growth potential – continue to make it an attractive investment option.

EQUITY STORY

- Austria's strongest insurance brand
- Market leader in health insurance
- Interesting growth potential in CEE
- Solid capital position
- Attractive dividend policy

Stock market corrections around the world

The year 2018 was separated into three clearly discernible phases on the stock market: a period of about one month of sharply rising prices was followed by a longer period of high volatility before a market correction finally set in at the start of the fourth quarter. As a result, nearly all of the major stock market indices came in lower at the end of 2018 compared to 2017 reference values. MSCI World, for example, finished 10.4 per cent lower compared to the previous year.

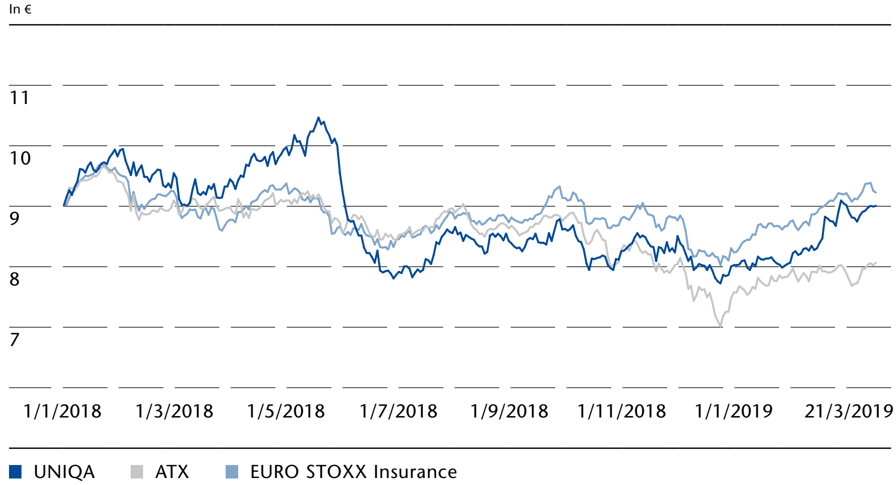
Developments in the capital markets were thus generally in line with economic expectations, which were strongly optimistic at the start of the year with a prediction of solid corporate earnings. Rising inflation rates in the middle of the first quarter intensified concerns about significant interest rate hikes, provoking an early and noticeable correction. Interest rate trends remained an important factor in stock market performance over the rest of the year. Stock prices were also particularly influenced by ongoing trade policy disputes and regional developments, and in some cases left distinct impressions on the markets. From the European perspective, the continued absence of fixed and settled terms for "Brexit" represents an increasing burden.

Lacking the positive effects of tax relief but still confronted with the same global challenges, stock markets in Europe registered weaker performance in 2018 than those in the US: the Euro Stoxx 50 fell by 14.3 per cent, while the Dow Jones Industrial decreased by only 5.6 per cent. Concerns about higher interest rates also led to more sceptical assessments of emerging markets, as is evident in the 16.6 per cent fall in the MSCI Emerging Markets Index. Stock markets in Central and Eastern Europe performed somewhat better: the Eastern Europe CECE index declined by 11.1 per cent.

In line with global share price trends, the Vienna Stock Exchange began 2018 with momentum and achieved its highest value of the decade on 23 January 2018 with the ATX at 3,688.78 points. Stock price performance on the Vienna Stock Exchange was consequently marked by concerns about trade policy disputes in particular since a good number of Austrian companies are distinctly exposed here on account of their high export ratio. Following a moderate decline in the second quarter and a slight increase

UNIQA share performance

In €



in the third quarter, the ATX ended the final quarter significantly down, closing the year at 2,745.78 points. The index thus fell 19.7 per cent compared to the previous year.

UNIQA shares continue to produce a dividend yield of more than 6 per cent

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. However, the share price declined during 2018, in line with the general market trend. Starting the year at €9.01, the UNIQA share price reached an annual high of €10.46 on 22 May 2018 but then experienced a marked decline to €7.80 on 2 July 2018. The share price subsequently stabilised, only occasionally moving outside the band between €8.00 and €8.50, then weakening somewhat towards the end of the year. The UNIQA share price ultimately closed out 2018 at €7.86, registering a decline of 10.9 per cent compared to the previous year. This puts the UNIQA share price only marginally below the benchmark index for the European insurance industry, the Euro Stoxx Insurance, which fell by 9.0 per cent in the same period. At the beginning of 2019, however, the UNIQA share price was able to recover rapidly and stood at €9.00 on 21 March 2019. This represents an increase of 14.5 per cent compared to the beginning of the year.

UNIQA shares – key figures

In €

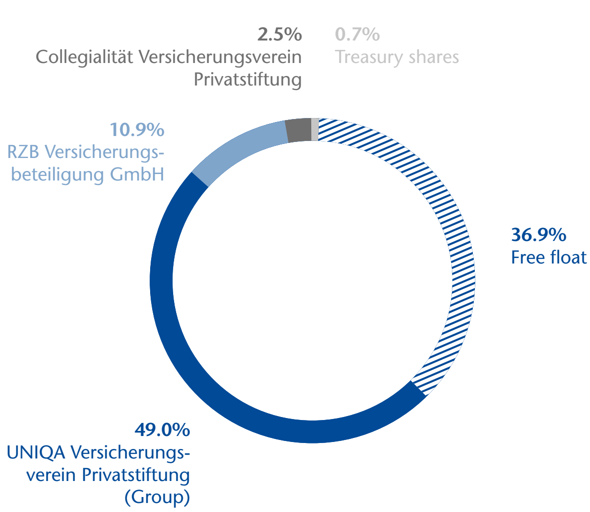
	2018	2017	2016	2015	2014
UNIQA share price as at 31 December	7.86	8.82	7.20	7.53	7.78
High	10.46	9.05	7.45	9.41	10.02
Low	7.72	7.09	5.04	7.04	7.34
Average stock exchange turnover/day (in € million)	4.7	5.6	5.2	4.5	3.2
Market capitalisation as at 31 December (in € million)	2,412.7	2,707.4	2,218.5	2,320.6	2,397.6
Average number of shares in circulation	306,965,261	306,965,261	308,129,721	308,180,350	308,180,350
Earnings per share	0.79	0.56	0.48	1.09	0.94
Dividend per share	0.53[1)]	0.51	0.49	0.47	0.42

1) Proposal to the Annual General Meeting

Financial calendar 2019

10 May	Record date for the Annual General Meeting
16 May	First Quarter Report 2019, Solvency and Financial Condition Report 2018
20 May	Annual General Meeting
29 May	Ex-dividend date
31 May	Dividend record date
3 June	Dividend payment date
28 Aug	Half-Year Financial Report 2019
20 Nov	First to Third Quarter Report 2019

Shareholder structure



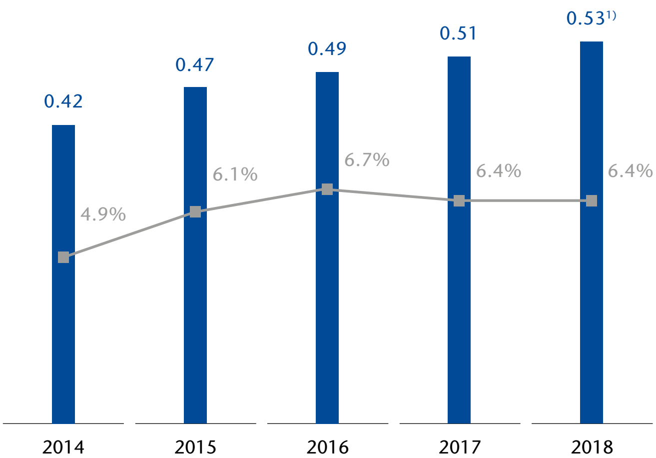
Shareholder structure remains unchanged

The shareholder structure of the UNIQA Group continues to be stable and unchanged at the end of 2018: the core shareholder UNIQA Versicherungsverein Privatstiftung (Group) holds a total of 49.0 per cent of 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 2018, and therefore represented more than one-third of total shares and a value of around €900 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.

Changes in the UNIQA dividend

In € (indexed)



[1)] Proposal to the Annual General Meeting

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

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 €0.53 per dividend-bearing share for the 2018 financial year. This means a dividend payment of around €163 million, or 66.9 per cent of consolidated profit. Compared to the previous year, therefore, the dividend has increased by 2 cents and by almost 4 per cent. Nevertheless, the economic capital ratio (ECR) remains 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:

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

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

Ongoing 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 2018 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

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 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 reports on the external evaluation in accordance with Rule 62 of the Austrian Code of Corporate Governance can also be found at www.uniqagroup.com.

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

Rule 49 of the Austrian Code of Corporate Governance

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

Members of the Management Board

Name	Responsible for	Supervisory Board appointments or comparable functions in other domestic and foreign companies not included in the consolidated financial statements
Andreas Brandstetter, Chief Executive and Investment Officer (CEO/CIO) * 1969, appointed 1 January 2002 until 30 June 2020	Innovation, Investor Relations, Digital Services/Digital Data Management, Group Communication, Group Marketing, Group Human Resources, Group Internal Audit, Group Asset Management, Group General Secretary	▪ Member of the Supervisory Board of STRABAG SE, Villach (since 25 May 2018)
Erik Leyers, Chief Operating Officer (COO) * 1969, appointed 1 June 2016 until 30 June 2020	Strategic Business Organisation, Group IT, OPEX (Operational Excellence), Group Service Center Slovakia	▪ Member of the Supervisory Board of Raiffeisen Informatik GmbH, Vienna
Kurt Svoboda, Chief Financial and Risk Officer (CFO/CRO) * 1967, appointed 1 July 2011 until 30 June 2020	Group Finance, Group Controlling, Group Actuarial and Risk Management, Group Reinsurance, Regulatory & Public Affairs, Legal & Compliance, Group Internal Audit	▪ Member of the Supervisory Board of CEESEG Aktiengesellschaft, Vienna (since 15 June 2018) ▪ Member of the Supervisory Board of Wiener Börse AG, Vienna (since 15 June 2018)

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 (acting concurrently as CFO/CRO of UNIQA Insurance Group 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, until 31 January 2019, with Mark-Alexander Bockelmann, 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 ▪ Chairman of the Supervisory Board of SIGAL Life UNIQA Group AUSTRIA sh.a., Tirana ▪ President of the Board of Directors of UNIQA Re AG, Zurich	as at 31 December 2018: 25,219 shares
▪ Member of the Management Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Management Board of UNIQA International AG, Vienna ▪ Member of the Executive Management of UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna ▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń S.A., Lodz ▪ Member of the Supervisory Board of UNIQA Biztosító Zrt., Budapest ▪ Member of the Supervisory Board of UNIQA pojišťovna, a.s., Prague ▪ Chairman of the Supervisory Board of UNIQA Group Service Center Slovakia, spol. s r.o., Nitra ▪ Chairman of the Supervisory Board of sTech d.o.o., Belgrade	as at 31 December 2018: 4,590 shares
▪ Chairman of the Management Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Management Board of UNIQA International AG, Vienna ▪ Member of the Executive Management of UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna ▪ Member of the Supervisory Board of PremiQaMed Holding GmbH, Vienna (until 10 February 2018) ▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń S.A., Lodz (until 30 April 2018) ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń na Życie S.A., Lodz (until 30 April 2018) ▪ Member of the Supervisory Board of UNIQA poisťovňa a.s., Bratislava (until 6 March 2018) ▪ Member of the Supervisory Board of UNIQA Insurance Company, Private Joint Stock Company, Kiev (until 24 April 2018) ▪ Member of the Supervisory Board of UNIQA Life Insurance Company, Private Joint Stock Company, Kiev (until 24 April 2018) ▪ Member of the Supervisory Board of UNIQA Biztosító Zrt., Budapest (until 19 July 2018) ▪ Member of the Supervisory Board of UNIQA pojišťovna, a.s., Prague (until 28 February 2018) ▪ Chairman of the Board of Directors of UNIQA Versicherung AG, Vaduz ▪ Vice President of the Board of Directors of UNIQA Re AG, Zurich	as at 31 December 2018: 14,597 shares

Members of the Supervisory Board

Name	Supervisory Board appointments in domestic and foreign listed companies	Management and monitoring tasks in significant subsidiaries	Number of UNIQA shares held
Walter Rothensteiner, Chairman * 1953, appointed 3 July 1995 until the 20th AGM (2019)			
Christian Kuhn, 1st Vice Chairman * 1954, appointed 15 May 2006 until the 20th AGM (2019)			
Erwin Hameseder, 2nd Vice Chairman * 1956, appointed 21 May 2007 until the 20th AGM (2019)	▪ Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna ▪ Chairman of the Supervisory Board of AGRANA Beteiligungs-Aktiengesellschaft, Vienna ▪ Vice Chairman of the Supervisory Board of STRABAG SE, Villach ▪ 2nd Vice Chairman of the Supervisory Board of Südzucker AG, Mannheim		
Burkhard Gantenbein (since 28 May 2018), 3rd Vice Chairman * 1963, appointed 29 May 2017 until the 20th AGM (2019)		▪ Member of the Supervisory Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Supervisory Board of UNIQA International AG, Vienna	as at 31 December 2018: 10,250 shares
Eduard Lechner (until 28 May 2018), 3rd Vice Chairman * 1956, appointed 25 May 2009 until 28 May 2018			
Markus Andréewitch, Member * 1955, appointed 26 May 2014 until the 20th AGM (2019)			
Klemens Breuer (until 28 May 2018), Member * 1967, appointed 29 May 2017 until 28 May 2018			
Marie-Valerie Brunner (since 28 May 2018), Member * 1967, appointed 28 May 2018 until the 20th AGM (2019)			as at 31 December 2018: 1,750 shares
Elgar Fleisch (since 28 May 2018), Member * 1968, appointed 28 May 2018 until the 20th AGM (2019)			
Burkhard Gantenbein (until 28 May 2018), Member * 1963, appointed 29 May 2017 until the 20th AGM (2019)		▪ Member of the Supervisory Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Supervisory Board of UNIQA International AG, Vienna	as at 31 December 2018: 10,250 shares
Jutta Kath, Member * 1960, appointed 30 May 2016 until the 20th AGM (2019)		▪ Member of the Board of Directors of UNIQA Re AG, Zurich	
Rudolf Könighofer, Member * 1962, appointed 30 May 2016 until the 20th AGM (2019)	▪ Member of the Supervisory Board of Raiffeisen International AG, Vienna		
Kory Sorenson, Member * 1968, appointed 26 May 2014 until the 20th AGM (2019)	▪ Member of the Board of Directors of SCOR SE, Paris ▪ Member of the Board of Directors of Phoenix Group Holdings, Cayman Islands ▪ Member of the Board of Directors of Pernod Ricard, Paris ▪ Member of the Board of Directors of Prometic Life Sciences Inc., Québec (since 9 May 2018)		as at 31 December 2018: 10,000 shares

Delegated by the Central Works Council

Peter Gattinger * 1976, from 10 April 2013 to 26 May 2015 and since 30 May 2016	
Heinrich Kames * 1962, since 10 April 2013	as at 31 December 2018: 56 shares
Harald Kindermann * 1969, since 26 May 2015	as at 31 December 2018: 750 shares
Franz-Michael Koller * 1956, since 17 September 1999	as at 31 December 2018: 912 shares
Friedrich Lehner * 1952, from 31 May 2000 to 1 September 2008 and since 15 April 2009	as at 31 December 2018: 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	Burkhard Gantenbein (since 28 May 2018), Erwin Hameseder, Eduard Lechner (until 28 May 2018)	
Working Committee	Walter Rothensteiner	Christian Kuhn	Klemens Breuer (until 28 May 2018), Marie-Valerie Brunner (since 28 May 2018), Elgar Fleisch (since 28 May 2018), Burkhard Gantenbein, Erwin Hameseder, Eduard Lechner (until 28 May 2018)	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
Audit Committee	Walter Rothensteiner	Christian Kuhn	Burkhard Gantenbein (since 28 May 2018), Erwin Hameseder, Jutta Kath, Eduard Lechner (until 28 May 2018), Kory Sorenson	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
Investment Committee	Kory Sorenson (since 28 May 2018), Klemens Breuer (until 28 May 2018)	Christian Kuhn	Marie-Valerie Brunner (since 28 May 2018), Burkhard Gantenbein (since 28 May 2018), Jutta Kath, Rudolf Könighofer, Eduard Lechner (until 28 May 2018), Kory Sorenson (until 28 May 2018)	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
IT Committee	Markus Andréewitch	Jutta Kath	Elgar Fleisch (since 28 May 2018), 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 five employee representatives and it convened for six meetings in 2018. One decision was 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 2018.

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 2018. Three decisions were made by way of circular resolution.

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 (each for the 2017 financial year). Furthermore, the audit of the 2018 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 **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 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 members of the Supervisory Board elected during the Annual General Meeting have declared their independence under Rule 53 of the Austrian Code of Corporate Governance. Both Kory Sorenson and Jutta Kath also satisfy the criteria of 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 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 makes us successful together and has a positive influence on corporate culture. By diversity we mean different nationalities, cultures and a mix of women and men who together contribute to a "diversity of thought".

With Marie-Valerie Brunner, a third female Supervisory Board member was appointed for UNIQA Insurance Group AG in 2018, increasing the proportion of female elected Supervisory Board members to 30 per cent.

Over the course of 2018, the proportion of women on Management Boards and in senior executive positions throughout the Group amounted to 37.1 per cent. The proportion of female managers in top positions in office and field sales in Austria, below the Management Board level, stands at precisely 18.5 per cent, while the proportion of women in Management Board roles in the international area is over 28.6 per cent.

UNIQA organised various group-wide leadership development programmes in 2018 in which also female executives were prepared for future tasks and further career steps. Women make up 26 per cent of the participants in the SHAPE programme for leading managers, and 37 per cent in the NEXT International programme for management talent at the next hierarchical level. In our executive programme for all Austrian managers NEXT AT, the proportion of female participants was 24 per cent in 2018.

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, 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, completely anonymous advice and support is offered for all professional and personal problems.

UNIQA also relies on flexible working hours. In addition to the long-established option for teleworking, which 14 per cent of employees use in Austria in the administrative departments, "mobile work" was launched at the end of 2018 following corresponding pilot projects. In future, employees will be able to work up to eight days a month from home, on the road or wherever. The aim is to promote the further development of a management style based on trust and performance, to further strengthen employee satisfaction and to increase flexibility in coping with professional challenges. For teleworking, the proportion of women using this form of work amounts to 41 per cent (180 employees) and for mobile work 38 per cent (310 employees).

Diversity concept

A comprehensive diversity concept is currently being developed at UNIQA. After the priority areas had been mapped out in 2018, the concept will now be adopted in the first half of 2019.

Remuneration Report

Remuneration of the Management Board and Supervisory Board

The members of the Management Board of UNIQA Insurance Group AG received remuneration of €3.4 million in 2018.

In € thousand	2018	2017
The remuneration of the members of the Management Board for the financial year		
Fixed remuneration[1]	1,612	1,570
Variable remuneration	1,745	1,220
Current remuneration	3,356	2,790
Termination benefit entitlements	0	0
Total	**3,356**	**2,790**
of which proportionately recharged to operating subsidiaries	1,663	1,387
Paid to former members of the Management Board and their surviving dependants	2,492	2,648

[1] The fixed salary components include remuneration in kind equivalent to €34,788 (2017: €40,656).

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

Member of the Management Board In € thousand	Fixed remuneration	Variable remuneration[1]	Multi-year share-based remuneration[2]	Total current remuneration	Termination benefit entitlements	Total for the year
Andreas Brandstetter	669	478	257	1,404	0	**1,404**
Erik Leyers	388	359	0	746	0	**746**
Kurt Svoboda	555	458	193	1,207	0	**1,207**
Total 2018	**1,612**	**1,295**	**450**	**3,356**	**0**	**3,356**
Total 2017	1,570	1,052	167	2,790	0	**2,790**

[1] The Short-Term Incentive (STI) comprises a variable remuneration component which is paid beginning with the 2017 financial year, partly in the following year and partly after three years (the "deferred component").
[2] The Long-Term Incentive (LTI) corresponds to 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 the 2018 financial year, the members of the Management Board of UNIQA Insurance Group AG received variable remuneration and multi-year share-based payments amounting to €1.7 million. Payments (STI) in the amount of €0.4 million are expected to be made in subsequent years for the 2017 financial year. For the 2018 financial year, payments (STI) in the amount of €1.6 million are expected to be made in the years 2019 and 2022. As part of the multi-year share-based payment (LTI), payments of €0.5 million were made to the members of the Management Board of UNIQA Insurance Group AG in 2018. For the subsequent years 2019 to 2022, a payment of €2.1 million is expected for the virtual shares allocated up to 31 December 2018.

The members of the Management Board who are also members of the Management Board of UNIQA Österreich Versicherungen AG received variable remuneration of €0.2 million for their work for UNIQA Österreich Versicherungen AG.

In addition to the above-mentioned 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	105	0	**105**
Kurt Svoboda	170	0	**170**
Total 2018	**359**	**0**	**359**
Total 2017	359	0	**359**

The remuneration paid to the members of the Supervisory Board for their work in the 2017 financial year amounted to €481,875. Provisions of €739,375 have been set aside for the remuneration to be paid for work completed in 2018. In 2018, a total of €67,400 was paid to cover attendance fees and out-of-pocket expenses (2017: €61,400). Given the raised requirements and the increasing time necessary for activities in the Audit Committee and in the other committees of the Supervisory Board, the remuneration components for committee functions performed have been increased. This explains the rise from €543,275 in 2017 to €806,775 in 2018.

In € thousand	2018	2017
Current financial year (provision)	739	482
Attendance fees and out-of-pocket expenses	67	61
Total	**807**	**543**

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	2018[1]	2017
Walter Rothensteiner	104	74
Christian Kuhn	106	66
Erwin Hameseder	88	60
Eduard Lechner	40	65
Burkhard Gantenbein	84	24
Markus Andréewitch	50	40
Klemens Breuer	26	27
Marie-Valerie Brunner	40	0
Ernst Burger	0	14
Elgar Fleisch	40	0
Jutta Kath	80	50
Rudolf Könighofer	65	44
Johannes Schuster	0	17
Kory Sorenson	65	44
Out-of-pocket expenses to employee representatives	21	21
Total	**807**	**543**

[1] The Management Board and Supervisory Board intend to propose the remuneration of €739,375 to the 2019 Annual General Meeting for resolution.

Burkhard Gantenbein received Supervisory Board remuneration (including attendance fees) of €18,000 for his activities on the Supervisory Boards of UNIQA Österreich Versicherungen AG and UNIQA International AG in addition to the Supervisory Board remuneration of UNIQA Insurance Group AG. Besides Supervisory Board remuneration (including attendance fees) from UNIQA Insurance Group AG, Jutta Kath also received Supervisory Board remuneration of 19,200 Swiss francs for her work on the Supervisory Board of UNIQA Re AG.

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. The STI comprises a variable remuneration component which is paid beginning with the 2017 financial year, partly in the following year and partly after three years (the "deferred component"). 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. One 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 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 by delaying the payment of a portion of the STI.

The Solvency II requirements for the remuneration policy for board members are met by the above. Furthermore, the Management Boards of 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 2018 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 2018 – 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 2018 financial year. Some of the rules were not applicable to UNIQA in the evaluation period.

Vienna, 22 March 2019

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

Ladies and gentlemen,
dear shareholders,

The Report of the Supervisory Board for the 2018 financial year is divided into four sections:

1. How we structure our work

The pace and variety of changes that we have seen in many industries over the years has affected the global insurance industry. The consequences for us as members of the Supervisory Board are threefold:

Firstly we **supervise** management as closely as possible in its implementation of regulatory reforms. Despite the high financial and operational burden, we see seamless implementation of the Insurance Distribution Directive (IDD), the EU General Data Protection Regulation (GDPR) as well as the new accounting regulations IFRS 9/17 applicable from 2022 as an opportunity for necessary further development in the insurance industry. For you as shareholders, for business partners and for customers of insurance companies, this increases the transparency of "your" company, and with that increased transparency comes the possibility of better comparison, at least with other listed financial institutions.

Secondly we **make demands** on management related to its own further developments in managing the company. This means that in our work with the Management Board we make sure not to regard the sensible new instruments introduced under Solvency II such as ORSA, SFCR and the partial internal model as cumbersome mandatory obligations towards the regulator or as a means of achieving self-optimisation in accounting, but rather as a strategic cockpit for comprehensive, economically sustainable further development of the company. This also requires that we as members of the Supervisory Board have far more detailed knowledge than in the past.

Thirdly we **encourage** and coach the management in its balancing act between optimising the existing business model and orchestrating sensible investments for the future that may sometimes be disruptive. We encourage the Management Board in its leadership strategy to focus more heavily than it previously has on attracting new talent to our company based on conscious diversity, and then to promote these individuals within the company in a targeted manner. We actively support the Management Board in its task of promoting a new, well-educated and well-versed generation of managers for the next strategic phase of the company beginning in mid-2020, while consciously working to improve the level of diversity.

Overall, for us as a Supervisory Board these three initial points mean speeding up the development of our own qualifications, particularly through in-depth training. We paid particular attention to this in 2018 and will also focus on doing this consistently going forward. The Supervisory Board must have knowledge of global developments in the industry, projects relevant to regulation, capital markets, changes in customer expectations as well as digitalisation and disruptive competition from tech giants and platform companies. Having a higher number of women on the Supervisory Board is also a natural concern for us and will also be implemented by us with equal consistency over the next few years along with accelerated internationality.

Rapid changes in the industry place increased demands on the Supervisory Board's time. We are constantly learning and aim to optimise our cooperation with management and with the statutory auditor continuously in order to act as efficiently and prudently as possible.

2. The most important features of 2018

The capital markets were firmly in the grip of geopolitical events and central banks in 2018. Although it had long been announced and was no surprise to market participants, the end of the ECB's expansionary monetary policy resulted in increased nervousness and therefore volatility in the financial markets. Accompanied by the global political dimension of an ever-escalating trade war between the USA and China, equities and various other investment categories fell sharply around the world. Only long-term high-quality interest-bearing securities managed to counter this trend. Returns on these securities that had been considered safe havens fell back to 2017 levels.

By contrast, economic growth in UNIQA's core markets was consistently positive, supporting our changes in premiums.

Despite these partly opposing influences, UNIQA managed to take further steps as planned in implementing the long-term strategic programme UNIQA 2.0 (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 first products in the life insurance sector are already being processed via the new IT core system.

- The Group also continued to concentrate on the insurance business as a direct insurer in Austria and in Central and Eastern Europe. In particular, the steady improvement in the combined ratio as a measure of profitability in the core underwriting business is key. Further improvements were successful here in 2018.

- The company's capitalisation remains very solid even in a challenging capital market environment. The relevant capital ratios ECR and SCR were barely changed at their very high level. 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. Timeline and details of our main areas of focus

During 2018, the Supervisory Board was regularly informed by the 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 Management Board presented detailed quarterly reports and provided additional oral as well as written reports. Our Supervisory Board was given timely and comprehensive information about those measures requiring our approval.

The members of our Supervisory Board are regularly invited to participate in informational events on relevant topics. Two special seminars were held in 2018 on the topics of "Products & Services" and "Customer Focus & Digital Strategies". An all-day seminar was also held covering the topics of the "General Data Protection Regulation" and "IFRS 9 and 17" as well as the latest statutory changes.

Focus of the deliberations

The Supervisory Board met on six occasions in 2018. Our meetings focused on the respective earnings situation within our Group and its further strategic development. We also made one decision by way of circular resolution.

- At our meeting held on **27 February**, we mainly discussed the Group's preliminary results for the 2017 financial year and the changes up to that time in the 2018 financial year. The Supervisory Board also approved the formation of a branch of UNIQA Insurance Group AG in Bratislava for Group-wide processing of actuarial tasks.

- The Supervisory Board meeting on **11 April** focused on the audit of the annual financial statements and consolidated financial statements for the year ended 31 December 2017 and on the reports from the Management Board with up-to-date information on the performance of the Group in the first quarter of 2018. We also discussed the agenda for the 19th Annual General Meeting held on 28 May 2018. 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 2017 financial year was also acknowledged.

- Our meeting held on **23 May** was dedicated to a discussion of the Group's earnings situation in the first quarter of 2018 as well as to discussions on the Solvency and Financial Condition Report (SFCR) 2017.

- The Supervisory Board was constituted at the meeting on **28 May** due to the exit of Klemens Breuer and Eduard Lechner and the new election of Marie-Valerie Brunner and Elgar Fleisch.

- At our meeting on **21 August**, we discussed the Group's earnings situation in the first half of 2018 and the latest developments in the third quarter of 2018.

- On **10 October**, we approved the sale of some commercial properties by way of circular resolution.

- In addition to receiving reports on the results of the Group for the first three quarters of 2018 and the latest information on performance in the fourth quarter of 2018, the Supervisory Board meeting on **20 November** involved discussions on the forecast for the 2018 financial year, intensive planning for the 2019 financial year and the medium-term planning up to 2023. The Supervisory Board also evaluated its activities in accordance with the Austrian Code of Corporate Governance (ÖCGK) and discussed the 2018 Own Risk and Solvency Assessment (ORSA).

Committees of the Supervisory Board

In addition to the Audit Committee required by law, we have set up four more committees in order to ensure that the work of our Supervisory Board is structured effectively.

- The **Working Committee** did not hold any meetings in the past financial year. Three decisions were made by way of circular resolution.

- The **Committee for Board Affairs**, which also exercises the functions of the Nominating and Remuneration Committee, dealt with questions relating to remuneration strategy and succession planning at four separate meetings.

- 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 the UNIQA Insurance Platform over the course of four meetings.

- Lastly, the **Audit Committee** held three meetings in 2018, 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 Management Board were discussed at the meeting on 11 April, with the Compliance Manager's annual activity report for 2017 also submitted and acknowledged in particular. At the meeting held on 23 May, the auditor presented the planning for the audit of the 2018 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) 2017. At the meeting held on 20 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 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 2018 were audited by PwC Wirtschaftsprüfung GmbH; the statutory auditor also verified that a separate consolidated non-financial report and a consolidated corporate governance report had been prepared for the 2018 financial year. The audit raised no objections. The separate and consolidated financial statements were each awarded an unqualified audit opinion for 2018.

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

The evaluation of UNIQA's compliance with the rules of the Austrian Code of Corporate Governance in the 2018 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 2018 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 2018 and approved the 2018 annual financial statements of UNIQA Insurance Group AG. It also endorsed both the Management Report and the Group Management Report. The 2018 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 Management Board. Accordingly, a dividend distribution of €0.53 per share will be proposed to the Annual General Meeting on 20 May 2019.

On behalf of the Supervisory Board once again this year I would like to thank all the employees of UNIQA Insurance Group AG and all Group companies for their major personal commitment in the 2018 financial year and wish them every continued success for their future.

Vienna, April 2019

On behalf of the Supervisory Board

Walter Rothensteiner
Chairman of the Supervisory Board

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Group Management Report

Economic environment

Although the period of economic expansion is continuing, the outlook for global growth has become somewhat bleaker. Global GDP growth stood at 3.7 per cent in 2018 and was therefore just under the growth rate of the previous year (2017: 3.8 per cent). Although the prospects for growth have deteriorated somewhat compared with the previous year, they still remain positive. Economists forecast annual global growth of 3.5 per cent for both 2019 and 2020. Political risks are the main reason for the worsening situation. Protectionist tendencies in global trade, particularly between the United States and China, as well as increasing uncertainty regarding the future relationship between the United Kingdom and the European Union are putting a strain on the global business climate.

Growth has slowed in the eurozone, yet the foundations for continued economic expansion remain intact. Following the strong economic momentum in 2017 (average quarterly growth of 0.7 per cent), growth in GDP fell to 0.4 per cent in the first half of 2018 before falling to 0.2 per cent in the second half of the year. The economy is predominantly being slowed by weaker external demand, while demand in Austria from private consumers and investors is having a stabilising effect. Consumption by private households is expected to continue supporting the economy through positive developments on the labour market, with the unemployment rate falling to 7.9 per cent in December 2018.

Austria recorded very robust performance in 2018 with economic growth of 2.7 per cent. However, a slight slowdown in the economy is also looming in Austria as compared with the eurozone as a whole. Economists expect growth in GDP of 1.6 per cent for the current year 2019. The recovery of the Austrian labour market has so far continued unabated, with the unemployment rate falling to 4.7 per cent in December 2018 (2017: 5.5 per cent).

In the USA, economic development accelerated once again. Following growth of 2.2 per cent in 2017, the US economy is projected to have expanded by 2.9 per cent in 2018. Growth in GDP will fall gradually in 2019 and the following year and is expected to reach a long-term sustainable level in 2020. The positive momentum for growth from the tax reforms, which at least supported domestic demand in the short term, and the looser monetary policy will increasingly decline. The US Federal Reserve continued its cycle of interest rate hikes with four increases in 2018. The bandwidth for US key interest rates increased in December 2018 to between 2.25 and 2.50 per cent. The Federal Reserve has signalled a wait and see approach regarding any further interest rate rises for 2019, emphasising the importance of the economic developments that have taken place and those still expected for the time and scope of any future changes to monetary policy. There was a return to normality in monetary policy in the eurozone in 2018. The ECB's quantitative easing programme expired as of the end of the year. However, the redemptions from maturing bonds will be reinvested until further notice – in any case until after any initial interest rate rise at least – meaning that monetary policy will continue to support the economy. The ECB has announced the prospect of starting a cycle of interest rate hikes for the period following summer 2019. However, the return to normal monetary policy would be delayed in the event of a further deterioration in economic performance. Any return to normal interest rates will therefore be a slow process.

Central and Eastern Europe (CEE) managed to continue the process of catching up with the eurozone economies in 2018. The economy remained consistently dynamic in 2018 and was able to break free from the slower performance within the eurozone. Economic growth for CEE (not including Russia) is expected to be at 4.3 per cent in 2018, with solid growth of 3.6 per cent forecast for 2019.

The economic environment remains a congenial one, particularly in the countries of Central Europe. With the exception of the Czech Republic, where the economic highpoint has already been passed, economic momentum accelerated further. Domestic demand is the essential driver of this performance, and unemployment rates reached all-time lows last year. The central banks in those countries that have their own currencies are signalling a return to normal interest rates, albeit at differing speeds. The Czech National Bank tightened its monetary policy considerably in 2018 and implemented five interest rate hikes. The key interest rate in Hungary has remained unchanged so far, although a gradual return to normal monetary policy is in preparation. The Polish Central Bank has had little incentive so far to change its loose monetary policy given the restrained price developments in Poland.

Macroeconomic stability remains high in Russia even though economic momentum fell. It is difficult for the Russian economy currently to generate economic growth substantially above long-term potential growth. The significant fall in the price of oil is also playing a part in this. Economic recovery is continuing in Ukraine, and the agreement with the International Monetary Fund for a new credit programme for macroeconomic stability is contributing to this.

The high point of business activity was reached in Southeastern Europe in 2018 with growth expected to be at 3.4 per cent. The situation on the labour markets in the region also improved significantly thanks to the positive economic performance. Overall economic conditions will therefore also remain favourable in 2019.

Property and casualty insurance remains the driver for growth in Austria

Premium revenues in Austrian property and casualty insurance were strong in 2018 with 3.5 per cent growth to €9.5 billion. The comprehensive vehicle insurance and casualty insurance lines were drivers for growth with premium increases of 6.1 per cent and 4.4 per cent respectively. The vehicle liability insurance line, on the other hand, only achieved a slight premium increase of 1.4 per cent.

Premium attrition weakened in life insurance as compared with the previous year. For example, premiums only shrank by around 3.6 per cent year-on-year to just under €5.6 billion. As in the previous year, the main reason for this fall was a drop in single premiums by 14.7 per cent to €0.7 billion. The life insurance business with recurring premiums also experienced a decline, although this was much more moderate at around 1.7 per cent to just under €4.9 billion.

Health insurance performed slightly stronger in 2018 than in the previous year with growth in premiums of 4.3 per cent to €2.2 billion.

Insurance markets in Central and Eastern Europe on course for sustained growth

CEE is one of the fastest-growing economic regions around the world. The convergence process with Western Europe is also continuing thanks to the persistent strength of the economy there. Longer-term growth forecasts also show an annual difference in growth between the markets in Central and Eastern Europe and the eurozone of up to 2 per cent.

As in the previous year, the insurance markets in the CEE region also benefited in 2018 from the positive economic conditions overall. According to the results currently available, premium volumes rose in Central and Eastern Europe (not including Russia) by around 4 per cent to an estimated €34 billion.

Demand for insurance products was particularly high once again in property insurance, where the strongest growth was achieved in CEE since the financial crisis at more than 8 per cent. With the exception of Romania, all markets in Central and Eastern Europe recorded a significant increase in premiums in 2018 in the non-life insurance sector. Stimulus for growth came in particular from the household and homeowner sectors as well as from the vehicle insurance lines. Higher vehicle inventories as a result of a significant rise in new registrations in particular led to substantial premium increases in the vehicle sectors. The exception to this was in Romania, where premium volumes fell in vehicle insurance as a whole, particularly as a result of price dumping by regional motor vehicle liability insurance providers, in addition to the difficult regulatory environment.

Developments in the life insurance markets in Central and Eastern Europe, on the other hand, were mixed. Aggregated premium volume fell again slightly in 2018 following solid growth in the previous year. This was mainly due to the negative performance of life insurance in Poland. As in previous years, the marked decline in business with short-term single premium products led to a decline overall in this line of business. Conversely, very high premium growth was recorded in countries where the life insurance business is still underdeveloped, such as in Croatia, Serbia and North Macedonia. The need for supplementary personal provision for private individuals remains high in these markets due to inadequacies in the state pension systems.

CEE remains a region with high growth potential for UNIQA, as can be seen from the positive performance in the insurance markets overall over the last few years. Higher incomes and increased consumer spending by private individuals also increase demand for insurance products. Many of the people living in the countries of Central and Eastern Europe remain uninsured or significantly underinsured.

UNIQA Group

With a premium volume written (including savings portions from unit-linked and index-linked life insurance) of €5,309.5 million, the UNIQA Group is among the leading insurance groups in Central and Eastern Europe. The savings portions from unit-linked and index-linked life insurance in the amount of €320.5 million are set off against the change in insurance provision, pursuant to FAS 97 (US GAAP). Without taking the savings portions from unit-linked and index-linked life insurance into consideration, the premium volume written amounted to €4,989.0 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, Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, 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 implement the Group’s long-term corporate strategy consistently.

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 2018 in the amount of €2,774.4 million (2017: €2,639.7 million) – which is 52.3 per cent (2017: 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 lead to only 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 professions such as lawyers, architects, and chemists. Although health insurance is still at the early stages in CEE, increased levels of prosperity in the region make the long-term growth potential even greater. Groupwide in 2018, premiums written totalled €1,086.4 million (2017: €1,042.0 million) – 20.5 per cent (2017: 19.7 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 comes from Austria with around 93 per cent of premiums, with the remaining 7 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” which hedge against risks such as occupational disability, long-term care needs or death. The life insurance business model is oriented towards the long term, with policy terms at around 25 years on average. Life insurance is still facing major challenges, as the low interest rate environment is particularly disadvantageous to all long-term forms of saving and investment, including for life insurance. In life insurance, UNIQA reached a premium volume (including savings portions from unit-linked and index-linked life insurance) Group-wide in 2018 of €1,448.6 million (2017: €1,611.6 million) – 27.3 per cent (2017: 30.4 per cent) of total premium volume.

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 2018. The ratings of UNIQA Österreich Versicherungen AG and the Group's reinsurer, UNIQA Re AG in Switzerland, also remained "A". UNIQA Versicherung AG in Liechtenstein received an "A–". Standard & Poor's rates the outlook for all the companies as stable. 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 as well as those of the investment funds under the Group's control. Including UNIQA Insurance Group AG, the basis of consolidation comprised 34 Austrian (2017: 35) and 59 international (2017: 59) subsidiaries along with six Austrian (2017: 6) and one international (2017: 2) investment funds under the Group's control. The associates are five domestic (2017: 6) and one international company (2017: 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.

Error corrections
Errors were corrected in accordance with IAS 8 as part of the process for preparing the consolidated annual financial statements. This resulted in adjustments to the values for the 2017 financial year. See note 37 in the consolidated financial statements for further details.

Risk reporting
UNIQA's comprehensive risk and opportunities report is included in the notes to the 2018 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-linked and index-linked life insurance) rose by 0.3 per cent to €5,309.5 million
- Combined ratio improved from 97.5 per cent to 96.8 per cent
- Earnings before taxes increased to €294.6 million
- Consolidated profit of €243.3 million
- Proposed dividend increased by 2 cents to €0.53 per share for 2018
- An increase in pre-tax profit is expected for 2019 following adjustment for the one-time effect from the sale of Casinos Austria Aktiengesellschaft

UNIQA Group
In € million

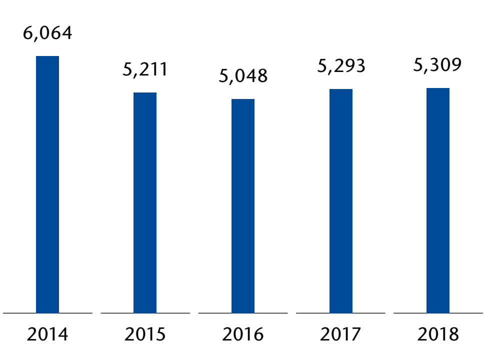
	2018	2017	2016
Premiums written including savings portions from unit-linked and index-linked life insurance	5,309.5	5,293.3	5,048.2
Cost ratio (after reinsurance)	25.9%	25.0%	26.6%
Combined ratio (after reinsurance)	96.8%	97.5%	98.1%
Earnings before taxes	294.6	264.6	225.5
Consolidated profit/(loss) (proportion of the net profit for the period attributable to the shareholders of UNIQA Insurance Group AG)	243.3	171.8	148.1

In the area of insurance policies with recurring premium payments, there was an encouraging rise of 3.1 per cent to €5,196.7 million (2017: €5,039.3 million). In the single premium business, however, the premium volume decreased by 55.6 per cent to €112.7 million (2017: €254.0 million) in line with the strategy.

Changes in premiums

UNIQA's total premium volume, including savings portions from unit-linked and index-linked life insurance, increased in 2018 in the amount of €320.5 million (2017: €481.6 million), by 0.3 per cent to €5,309.5 million (2017: €5,293.3 million).

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



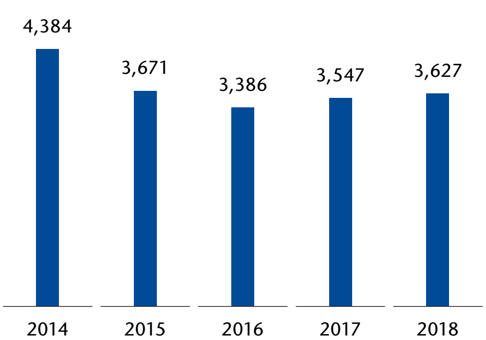
Premiums written in property and casualty insurance increased in 2018 by 5.1 per cent to €2,774.4 million (2017: €2,639.7 million). In health insurance, premiums written in the reporting period rose by 4.3 per cent to €1,086.4 million (2017: €1,042.0 million). In life insurance, premiums written including savings portions from unit-linked and index-linked life insurance fell by 10.1 per cent overall to €1,448.6 million (2017: €1,611.6 million). The strategic withdrawal from the single premium business was the reason for this.

The Group premiums earned, including savings portions from unit-linked and index-linked life insurance (after reinsurance) in the amount of €320.9 million (2017: €476.2 million), fell by 0.4 per cent to €5,081.7 million (2017: €5,104.1 million). The volume of premiums earned (net, in accordance with IFRSs) increased on the other hand by 2.9 per cent to €4,760.7 million (2017: €4,627.9 million).

Changes in insurance benefits

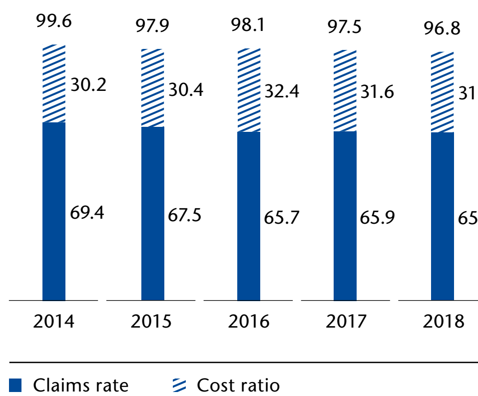
In the 2018 financial year, insurance benefits before reinsurance (see note 8 in the consolidated financial statements) rose by 5.0 per cent to €3,793.1 million (2017: €3,611.7 million). Consolidated net insurance benefits rose by 2.2 per cent to €3,626.6 million in the past year (2017: €3,547.4 million).

Insurance benefits (net)
In € million



The claims rate after reinsurance in property and casualty insurance fell slightly in 2018 to 65.4 per cent (2017: 65.9 per cent) as a result of less damage from natural disasters. The combined ratio after reinsurance improved to 96.8 per cent (2017: 97.5 per cent) for this reason as well as due to the improved cost situation at Group level.

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 rose by 3.0 per cent to €1,314.7 million in the 2018 financial year (2017: €1,276.0 million). Expenses for the acquisition of insurance less reinsurance commission and share of profit from reinsurance ceded in the amount of €13.6 million (2017: €23.0 million) fell on the other hand by 0.4 per cent to €851.9 million (2017: €855.7 million) as a result of the fall in commissions in the life insurance sector. Other operating expenses increased by 10.1 per cent to €462.7 million (2017: €420.3 million) as a result of higher staff and IT costs. This line item includes expenses amounting to around €43 million (2017: approx. €41 million) within the scope of the innovation and investment programme.

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 25.9 per cent during the past year (2017: 25.0 per cent) as a result of the developments mentioned above. The cost ratio before reinsurance rose to 25.2 per cent (2017: 24.6 per cent).

Property and casualty insurance
In € million

	2018	2017	2016
Premiums written	2,774.4	2,639.7	2,518.4
Insurance benefits (net)	–1,690.1	–1,644.8	–1,550.6
Claims rate (after reinsurance)	65.4%	65.9%	65.7%
Operating expenses (net)	–811.0	–788.5	–763.2
Cost ratio (after reinsurance)	31.4%	31.6%	32.4%
Combined ratio (after reinsurance)	96.8%	97.5%	98.1%
Net investment income	128.1	119.7	132.6
Earnings before taxes	120.3	95.1	57.9
Technical provisions (net)	2,970.6	2,939.7	2,708.4

Health insurance

In € million

	2018	2017	2016
Premiums written	1,086.4	1,042.0	1,003.7
Insurance benefits (net)	–900.8	–877.6	–843.6
Operating expenses (net)	–183.9	–168.0	–175.5
Cost ratio (after reinsurance)	17.0%	16.2%	17.5%
Net investment income	99.5	116.4	114.9
Earnings before taxes	96.2	109.7	96.1
Technical provisions (net)	3,190.9	3,037.7	2,880.1

Investments

The UNIQA Group's investment portfolio (including investment property, financial assets accounted for using the equity method and other investments) fell by €722.1 million to €19,337.1 million in the 2018 financial year (31 December 2017: €20,059.2 million).

Despite the persistent low interest rate environment and negative currency effects of around €17 million, net investment income increased by 1.6 per cent to €581.2 million (2017: €572.1 million). The main reason for this increase was the completion of the sale of the indirect holding in Casinos Austria Aktiengesellschaft in the first quarter of 2018. The UNIQA Group generated a capital gain of €47.4 million from selling this holding. 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 €51.4 million in 2018 (2017: €42.4 million). A detailed description of net investment income can be found in the consolidated financial statements (see note 4 in the consolidated financial statements).

Other income and other expenses

Other income remained stable in 2018 at €36.8 million (2017: €36.6 million). Other expenses for the period increased by 28.5 per cent to €72.5 million (2017: €56.5 million) as a result of currency losses in Russia.

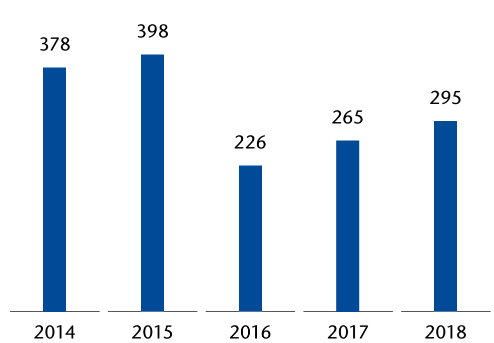
Results

The technical result of the UNIQA Group rose significantly by 26.7 per cent to €140.2 million in 2018 (2017: €110.6 million). Operating profit also increased by 8.5 per cent to €350.1 million (2017: €322.7 million).

Earnings before taxes at UNIQA likewise increased by 11.3 per cent to €294.6 million (2017: €264.6 million), primarily as a result of the improvement in the technical result. The profit/(loss) for the period rose by 27.5 per cent to €235.1 million (2017: €184.4 million). However, the 2017 comparative value included the profit/(loss) from discontinued operations (after tax) of €33.1 million on account of the sale of the Italian Group companies. Income tax expense increased in 2018 to €59.5 million (2017: €47.2 million), while the tax burden was 20.2 per cent (2017: 17.8 per cent).

Earnings before taxes

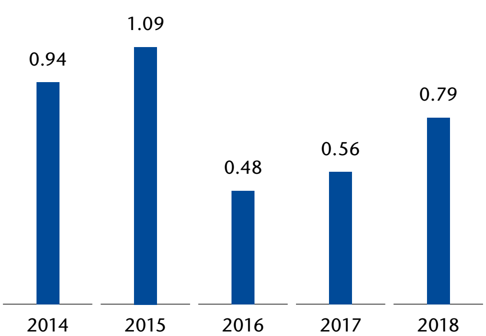
In € million



The consolidated profit/(loss), i.e. the proportion of the net profit for the period attributable to the shareholders of UNIQA Insurance Group AG, amounted to €243.3 million (2017: €171.8 million). The earnings per share rose as a result to €0.79 (2017: €0.56).

Earnings per share

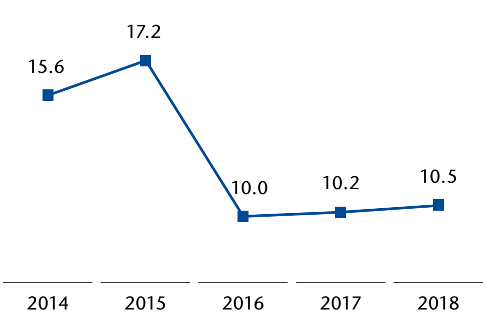
In €



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 10.5 per cent in 2018 (2017: 10.2 per cent). The return on equity (after tax and non-controlling interests) rose to 7.9 per cent in the reporting year (2017: 5.4 per cent).

Operating return on equity

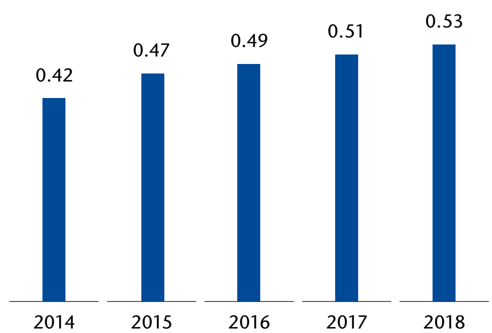
In per cent



On this basis, the Management Board will propose a dividend of €0.53 per share to the Supervisory Board and the Annual General Meeting (2017: €0.51 per share).

Dividend per share

In €



Own funds and total assets

Total equity attributable to the shareholders of UNIQA Insurance Group AG fell by €185.9 million to €2,972.1 million in the past financial year (31 December 2017: €3,158.0 million). The reason for this was the drop in the measurement of financial instruments available for sale due to an increase in volatility on the international financial markets. Non-controlling interests came to €14.4 million (31 December 2017: €91.4 million). The total assets of the Group amounted to €28,616.2 million at 31 December 2018 (31 December 2017: €28,743.9 million).

Life insurance

In € million

	2018	2017	2016
Premiums written including savings portions from unit-linked and index-linked life insurance	1,448.6	1,611.6	1,526.1
Insurance benefits (net)	– 1,035.7	– 1,025.0	– 991.4
Operating expenses (net)	– 319.8	– 319.5	– 347.7
Cost ratio (after reinsurance)	22.6%	20.3%	23.7%
Net investment income	353.5	336.0	341.4
Earnings before taxes	78.2	59.9	71.6
Technical provisions (net)	15,483.4	15,815.9	16,224.3

Cash flow

UNIQA's net cash flow from operating activities amounted to €4.8 million in 2018 (2017: €473.4 million, of which €258.2 million was from discontinued operations). Net cash flow from investing activities amounted to €210.0 million (2017: €–217.6 million, of which €35.3 million resulted from discontinued operations). Net cash flows from financing activities amounted to €588.9 million (2017: €–154.2 million). Overall, cash and cash equivalents increased by €794.1 million to €1,444.4 million in the 2018 financial year (2017: €650.3 million).

Employees

In 2018, the average number of employees (full-time equivalents, or FTEs) at UNIQA again fell slightly to 12,818 (2017: 12,839). These included 4,271 (2017: 4,456) field sales employees. The number of employees in administration amounted to 8,547 (2017: 8,383).

In the 2018 financial year, the Group had 2,708 FTEs in the Central Europe (CE) region of Poland, Slovakia, the Czech Republic and Hungary (2017: 2,626), with 2,242 FTEs (2017: 2,293) in the Southeastern Europe (SEE) region consisting of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Montenegro, North Macedonia and Serbia, and 1,654 FTEs (2017: 1,779) in the Eastern Europe (EE) region of Romania and Ukraine. There were 108 FTEs (2017: 108) working in Russia (RU). The average number of FTEs in the Western European markets in 2018 was 48 (2017: 46). A total of 6,058 FTEs were employed in Austria (2017: 5,987). Including the employees of the general agencies working exclusively for UNIQA, the total number of people working for the Group amounts to about 19,000.

In 2018, 55 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. 14.6 per cent (2017: 15.5 per cent) of employees were working part time. The average age in the past year was 44 years (2017: 44 years).

In Austria, almost all employees have a share in the company's success through some form of variable participation programme. It consists of either a bonus for managers and selected key employees, or an employee participation programme. In 2018, 14 per cent (2017: 15 per cent) of employees participated in the bonus system for managers and selected key employees – a variable remuneration system that is tied both to the success of the company and to personal performance. In 2018, a total of 76 per cent took part in the employee participation programme (2017: 77 per cent) in the form of a bonus. Everyone who has an employment relationship for the entire financial year is entitled to participate. The payment of the employee participation bonus depends on the one hand on achieving the profit target and on the other hand on the degree to which other important corporate goals have been reached.

In addition, UNIQA offers young people in training the opportunity to get to know foreign cultures and make international contacts. Currently, 55 apprentices are being trained.

Operating segments

UNIQA Austria

- Premiums written (including savings portions from unit-linked and index-linked life insurance) rose to €3,734.4 million
- Cost ratio increased slightly to 18.6 per cent
- Combined ratio further improved from 91.8 per cent to 91.6 per cent
- Earnings before taxes of €231.7 million

UNIQA Austria In € million	2018	2017	2016
Premiums written including savings portions from unit-linked and index-linked life insurance	3,734.4	3,656.6	3,631.5
Cost ratio (after reinsurance)	18.6%	18.3%	20.0%
Combined ratio (after reinsurance)	91.6%	91.8%	93.7%
Earnings before taxes	231.7	262.5	232.2

Changes in premiums

At UNIQA Austria, premiums written including savings portions from unit-linked and index-linked life insurance increased by 2.1 per cent to €3,734.4 million in 2018 (2017: €3,656.6 million). Recurring premiums rose by 2.2 per cent to €3,707.4 million (2017: €3,629.0 million). In contrast, single premiums fell slightly by 1.9 per cent to €27.0 million (2017: €27.6 million).

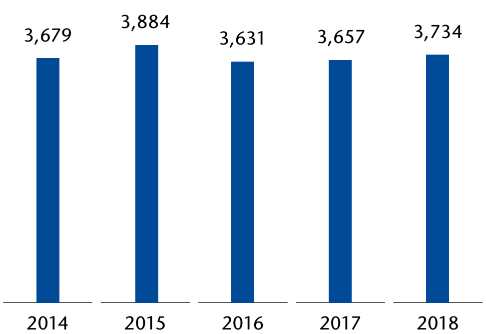
Including savings portions from unit-linked and index-linked life insurance, the volume of premiums earned at UNIQA Austria amounted to €3,031.8 million (2017: €2,991.3 million). The volume of premiums earned (net, in accordance with IFRSs) rose in 2018 by 1.7 per cent to €2,811.6 million (2017: €2,764.9 million).

While premiums written in property and casualty insurance rose by 5.0 per cent to €1,703.5 million (2017: €1,621.8 million), in health insurance they increased by 3.0 per cent to €1,008.9 million (2017: €979.7 million). In life insurance (including savings portions from unit-linked and index-linked life insurance), they fell by 3.1 per cent to €1,022.0 million (2017: €1,055.2 million).

Property and casualty insurance In € million	2018	2017	2016
Premiums written	1,703.5	1,621.8	1,568.6
Insurance benefits (net)	–691.2	–675.8	–648.0
Claims rate (after reinsurance)	66.9%	67.6%	68.9%
Operating expenses (net)	–255.4	–241.8	–233.9
Cost ratio (after reinsurance)	24.7%	24.2%	24.9%
Combined ratio (after reinsurance)	91.6%	91.8%	93.7%
Net investment income	39.0	43.0	27.6
Earnings before taxes	112.8	110.2	70.6
Technical provisions (net)	1,090.3	1,056.1	1,012.3

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, according to IFRSs) rose by 3.3 per cent to €1,033.1 million (2017: €999.9 million); in health insurance, they increased by 2.9 per cent to €1,008.1 million (2017: €979.4 million). However, in life insurance, they fell by 2.0 per cent to €770.4 million (2017: €785.7 million). Including savings portions from unit-linked and index-linked life insurance, the volume of premiums earned in life insurance amounted to €990.6 million (2017: €1,012.1 million).

Changes in insurance benefits

Net insurance benefits at UNIQA Austria increased by 2.2 per cent to €2,390.3 million in 2018 (2017: €2,339.8 million). In property and casualty insurance, they rose by 2.3 per cent to €691.2 million (2017: €675.8 million) and thus less strongly than premiums earned (net). As a result, the loss ratio in property and casualty insurance fell to 66.9 per cent in the 2018 financial year (2017: 67.6 per cent). The combined ratio after reinsurance improved to 91.6 per cent (2017: 91.8 per cent) in the UNIQA Austria segment. In health insurance, insurance benefits (net) rose by 1.7 per cent to €864.4 million (2017: €849.5 million); in life insurance, they increased by 2.5 per cent to €834.7 million (2017: €814.5 million).

Operating expenses

Operating expenses less reinsurance commission and share of profit from reinsurance ceded, which amounted to €183.2 million (2017: €192.1 million), increased by 3.0 per cent to €564.9 million in the 2018 financial year (2017: €548.3 million) as a result of higher staff and IT costs. In property and casualty insurance, they rose by 5.6 per cent to €255.4 million (2017: €241.8 million). In health insurance, they also grew 9.5 per cent to reach €140.9 million (2017: €128.7 million). In life insurance, however, they decreased by 5.2 per cent to €168.6 million (2017: €177.9 million) 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, rose slightly to 18.6 per cent during the past year (2017: 18.3 per cent).

Net investment income

Net investment income in the UNIQA Austria segment dropped in 2018 by 7.5 per cent to €418.3 million (2017: €452.4 million) due to the continuing low interest rate environment and higher volatilities on the international financial markets.

Health insurance

In € million

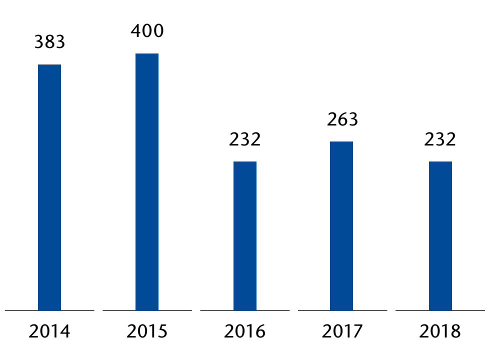
	2018	2017	2016
Premiums written	1,008.9	979.7	956.3
Insurance benefits (net)	–864.4	–849.5	–821.8
Operating expenses (net)	–140.9	–128.7	–143.1
Cost ratio (after reinsurance)	14.0%	13.1%	15.0%
Net investment income	103.0	117.7	116.1
Earnings before taxes	107.0	116.8	104.6
Technical provisions (net)	3,151.4	3,005.2	2,855.3

Life insurance
In € million

	2018	2017	2016
Premiums written including savings portions from unit-linked and index-linked life insurance	1,022.0	1,055.2	1,106.5
Insurance benefits (net)	–834.7	–814.5	–822.3
Operating expenses (net)	–168.6	–177.9	–212.2
Cost ratio (after reinsurance)	17.0%	17.6%	20.3%
Net investment income	276.3	291.7	316.4
Earnings before taxes	12.0	35.6	57.0
Technical provisions (net)	13,910.8	14,089.6	14,660.8

Earnings before taxes
Earnings before taxes at UNIQA Austria fell during the reporting year by 11.7 per cent to €231.7 million (2017: €262.5 million), driven by a lower net investment income. They improved by 2.4 per cent in property and casualty insurance to €112.8 million (2017: €110.2 million). In health insurance, they decreased by 8.4 per cent to €107.0 million (2017: €116.8 million). Lastly, in life insurance, earnings before taxes dropped as well by 66.3 per cent to €12.0 million (2017: €35.6 million).

Earnings before taxes UNIQA Austria
In € million



UNIQA International

- Premiums written (including savings portions from unit-linked and index-linked life insurance) fell by 2.7 per cent to €1,564.6 million
- Combined ratio improved to 95.5 per cent
- The technical result rose to €33.6 million
- Earnings before taxes further increased to €55.1 million

UNIQA International
In € million

	2018	2017	2016
Premiums written including savings portions from unit-linked and index-linked life insurance	1,564.6	1,608.5	1,399.9
Cost ratio (after reinsurance)	35.6%	31.2%	34.9%
Combined ratio (after reinsurance)	95.5%	97.1%	99.2%
Earnings before taxes	55.1	42.8	13.1

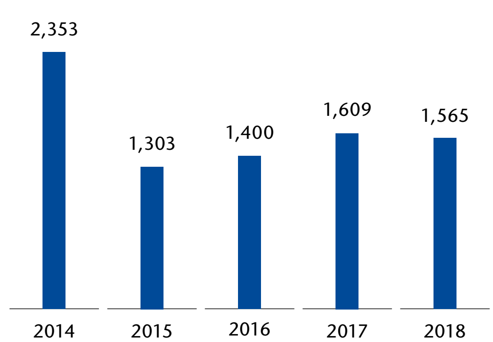
Changes in premiums

Premiums written including savings portions from unit-linked and index-linked life insurance fell by 2.7 per cent to €1,564.6 million in the 2018 financial year (2017: €1,608.5 million) in the UNIQA International segment. Recurring premiums rose strongly by 7.0 per cent to €1,479.0 million (2017: €1,382.1 million); at the same time, single premiums decreased as planned by 62.2 per cent to €85.7 million (2017: €226.4 million). This means that in 2018 the international companies contributed a total of 29.5 per cent (2017: 30.4 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 €1,059.1 million (2017: €1,139.9 million). The volume of premiums earned (net, in accordance with IFRSs) increased in 2018 by 7.7 per cent to €958.4 million (2017: €890.0 million).

While premiums written grew in property and casualty insurance by a very satisfactory 7.0 per cent to €1,067.4 million (2017: €997.3 million), driven primarily by the good development in the Czech Republic, Hungary and Bulgaria across all business lines, in health insurance they even rose by 23.5 per cent to €77.6 million (2017: €62.8 million) as a result of good business performance in Ukraine and Russia. On the other hand, in life insurance, due to the planned withdrawal from the single premium business, premiums written including savings portions from unit-linked and index-linked life insurance fell by 23.5 per cent to €419.7 million (2017: €548.4 million).

Premiums written including savings portions from unit-linked and index-linked life insurance UNIQA International
In € million



In property and casualty insurance, premiums earned (net, according to IFRSs) rose by 7.5 per cent to €584.8 million (2017: €544.3 million); in health insurance, they increased by 14.9 per cent to €65.8 million (2017: €57.3 million). In life insurance, they also grew by 6.7 per cent to reach €307.7 million (2017: €288.5 million). Including savings portions from unit-linked and index-linked life insurance, the volume of premiums earned in life insurance amounted to €408.4 million (2017: €538.3 million).

Property and casualty insurance

In € million	2018	2017	2016
Premiums written	1,067.4	997.3	942.3
Insurance benefits (net)	–339.2	–316.2	–308.8
Claims rate (after reinsurance)	58.0%	58.1%	59.7%
Operating expenses (net)	–219.6	–212.5	–204.4
Cost ratio (after reinsurance)	37.5%	39.0%	39.5%
Combined ratio (after reinsurance)	95.5%	97.1%	99.2%
Net investment income	23.8	28.2	32.9
Earnings before taxes	17.5	15.5	–5.9
Technical provisions (net)	653.7	631.8	635.6

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 decreased by 8.8 per cent to €934.0 million in the 2018 financial year (2017: €1,024.5 million) due to the planned withdrawal from business in the single premium business in Poland. In Eastern Europe (EE), comprising Romania and Ukraine, they rose by 4.9 per cent to €177.0 million (2017: €168.8 million). In Southeastern Europe (SEE), comprising Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Montenegro, North Macedonia and Serbia, the premiums written including savings portions from unit-linked and index-linked life insurance increased by 8.3 per cent to €307.0 million (2017: €283.4 million) in the 2018 financial year. In Russia (RU) they also grew by 13.1 per cent to €99.2 million (2017: €87.7 million). In Western Europe (WE) – Liechtenstein and Switzerland – they increased as well by 7.4 per cent to €47.3 million (2017: €44.0 million).

Changes in insurance benefits

Net insurance benefits at UNIQA International increased in 2018 by 4.5 per cent to €561.8 million (2017: €537.6 million). In property and casualty insurance they rose by 7.3 per cent to €339.2 million (2017: €316.2 million); in health insurance, they increased by 13.8 per cent to €41.3 million (2017: €36.3 million). At the same time, they decreased by 2.1 per cent in life insurance to €181.4 million (2017: €185.2 million). In 2018, the loss ratio in property and casualty insurance fell to 58.0 per cent (2017: 58.1 per cent). The combined ratio after reinsurance in the UNIQA International segment improved strongly to 95.5 per cent (2017: 97.1 per cent).

Health insurance

In € million	2018	2017	2016
Premiums written	77.6	62.8	47.7
Insurance benefits (net)	–41.3	–36.3	–29.3
Operating expenses (net)	–24.7	–21.8	–19.8
Cost ratio (after reinsurance)	37.5%	38.1%	45.0%
Net investment income	0.5	0.3	0.5
Earnings before taxes	0.2	–0.1	–3.1
Technical provisions (net)	37.2	32.3	24.9

In the CE region, benefits rose by 3.3 per cent in 2018 to €272.2 million (2017: €263.5 million); in the EE region, however, they increased by 8.1 per cent to €62.7 million (2017: €58.0 million). Also in SEE, they increased by 2.3 per cent to €134.0 million (2017: €131.0 million). At €79.2 million (2017: €74.1 million), benefits in Russia were also above the previous year's level, and in Western Europe the volume of benefits likewise rose by 23.6 per cent to €13.7 million (2017: €11.1 million).

Operating expenses

Operating expenses less reinsurance commission and share of profit from reinsurance ceded, which amounted to €130.6 million (2017: €120.5 million), increased by 5.8 per cent to €376.6 million in the 2018 financial year (2017: €356.0 million). In property and casualty insurance they rose by 3.3 per cent to €219.6 million (2017: €212.5 million); in health insurance, they increased by 13.1 per cent to €24.7 million (2017: €21.8 million). In life insurance, they also grew 8.8 per cent to reach €132.4 million (2017: €121.7 million).

The cost ratio of UNIQA International 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, amounted to 35.6 per cent during the past year (2017: 31.2 per cent).

Life insurance

In € million

	2018	2017	2016
Premiums written including savings portions from unit-linked and index-linked life insurance	419.7	548.4	409.9
Insurance benefits (net)	–181.4	–185.2	–146.8
Operating expenses (net)	–132.4	–121.7	–112.0
Cost ratio (after reinsurance)	32.4%	22.6%	27.9%
Net investment income	57.5	42.9	30.1
Earnings before taxes	37.5	27.4	22.1
Technical provisions (net)	1,577.7	1,647.4	1,493.1

In CE, operating expenses less reinsurance commission and share of profit from reinsurance ceded rose by 6.2 per cent to €189.6 million in the reporting year (2017: €178.5 million). In EE, they rose by 2.0 per cent to €56.9 million (2017: €55.7 million), and in SEE they increased by 3.5 per cent to €93.1 million (2017: €89.9 million). In Russia, costs rose by 21.4 per cent to €13.9 million (2017: €11.5 million), while they fell in Western Europe by 16.1 per cent to €3.2 million (2017: €3.8 million). In administration (UNIQA International AG), operating expenses rose to €20.0 million (2017: €16.6 million).

Net investment income

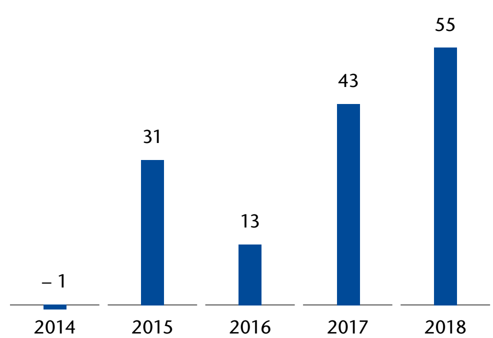
Net investment income in the sector rose by 14.5 per cent to €81.7 million in 2018 (2017: €71.4 million).

Earnings before taxes

Earnings before taxes in the UNIQA International segment rose 28.9 per cent in the reporting year to €55.1 million (2017: €42.8 million) on account of the significantly improved technical result. Earnings before taxes in property and casualty insurance improved to €17.5 million (2017: €15.5 million); in health insurance they reached €0.2 million (2017: €–0.1 million). Lastly, in life insurance, earnings before taxes increased by 36.7 per cent to €37.5 million (2017: €27.4 million).

Earnings before taxes UNIQA International

In € million



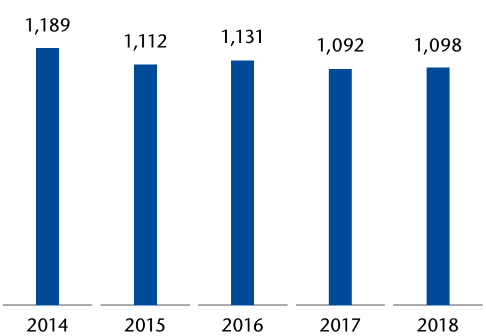
Reinsurance

Reinsurance
In € million

	2018	2017	2016
Premiums written	1,098.3	1,091.6	1,130.8
Insurance benefits (net)	–682.4	–692.5	–694.7
Operating expenses (net)	–299.6	–320.2	–330.5
Cost ratio (after reinsurance)	30.4%	31.9%	32.3%
Earnings before taxes	20.9	3.2	18.1
Technical provisions (net)	1,352.1	1,458.2	1,461.6

In the reinsurance segment, the premium volume written rose in 2018 by 0.6 per cent to €1,098.3 million (2017: €1,091.6 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 1.7 per cent to €985.6 million (2017: €1,003.0 million).

Net insurance benefits rose in 2018 by 1.4 per cent to €682.4 million (2017: €692.5 million).

Operating expenses less reinsurance commission and share of profit from reinsurance ceded in the amount of €8.6 million (2017: €8.3 million) fell by 6.4 per cent to €299.6 million (2017: €320.2 million).

Net investment income decreased in 2018 to €23.5 million (2017: €28.7 million).

By contrast, earnings before taxes in the reinsurance segment increased sharply to €20.9 million (2017: €3.2 million).

Group functions

Group functions
In € million

	2018	2017	2016
Operating expenses (net)	–68.4	–55.3	–49.6
Net investment income	306.0	267.2	152.8
Earnings before taxes	185.6	153.7	51.1

In the Group functions segment, operating expenses rose by 23.6 per cent to €68.4 million (2017: €55.3 million).

Net investment income amounted to €306.0 million (2017: €267.2 million).

Earnings before taxes rose to €185.6 million (2017: €153.7 million) in the 2018 financial year.

Consolidation

Consolidation In € million	2018	2017	2016
Net investment income	–248.3	–247.6	–117.4
Earnings before taxes	–198.7	–197.6	–89.0

Net investment income in the consolidation segment in 2018 amounted to €–248.3 million (2017: €–247.6 million).

Earnings before taxes remained stable at €–198.7 million (2017: €–197.6 million).

Significant events after the reporting date

No significant events subject to mandatory reporting occurred after the reporting date.

Outlook

Economic outlook

Austria's economy has two very good years behind it. Economic momentum is expected to weaken somewhat in 2019, but still remain solid. Above all, the positive development on the Austrian labour market should continue to support private household consumption in 2019. In the eurozone, economic growth slowed mainly due to a weakening in export demand. However, the foundation for continued economic expansion is likely to remain intact due to solid domestic demand. Central and Eastern Europe (CEE) managed to continue the process of catching up with the eurozone. Economic researchers expect gross domestic product in CEE (not including Russia) to increase by 3.6 per cent in 2019. On the financial markets, political uncertainties (trade war, Brexit) and lower growth prospects have increased volatility. The ECB has announced an increase in the key interest rate for autumn 2019 at the earliest. However, the start of a cycle of interest rate hikes depends to a large extent on solid economic momentum and sustained stable inflation rates. 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 1.5 per cent to around €17.6 billion in 2019. Growth of 2.9 per cent is forecast for property insurance; personal insurance is only likely to grow by 0.1 per cent. Life insurance continues to hold back performance with a decline of an estimated –2.0 per cent, especially in the area of single premiums (–6.1 per cent). Health insurance, on the other hand, is expected to grow by 3.5 per cent.

The sustained positive economic performance in Central and Eastern Europe should also lead to further increases in income 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 spending 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 at €2,200 for the EU as a whole.

UNIQA expects long-term growth dynamism in the CEE markets and therefore assumes that the insurance industry in Eastern Europe will continue to develop much more dynamically in 2019 than in Western Europe and Austria.

Group outlook

The outlook for the UNIQA Group for 2019 is subject to the following assumptions:

- The global economic upturn continues in 2019, although it is expected to weaken slightly.
- The ECB's monetary policy remains loose in 2019. UNIQA does not expect any significant 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 moderate growth in the total premium volume of approximately 1 per cent for 2019. Premium growth of around 2 per cent is expected in property and casualty insurance in 2019. In line with the long-term trend, UNIQA also anticipates growth of around 3 per cent in health insurance, driven primarily by business in Austria. In life insurance, on the other hand, a further decline can be expected due to the continuing low interest rate environment and the subdued demand for long-term provision products.

In 2016, UNIQA began the largest investment programme in the company's history and is currently 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 2019 financial year as well as in the following years.

UNIQA expects a decline in net investment income for 2019 compared to 2018, mainly due to the non-recurring effect from the sale of Casinos Austria Aktiengesellschaft.

UNIQA aims to improve the combined ratio (after reinsurance) further in 2019 compared with 2018. Increased profitability in the core technical business for property and casualty insurance should provide the basis for this.

Thus overall UNIQA expects an improvement in earnings before taxes for the 2019 financial year – adjusted for the non-recurring effect from the sale of Casinos Austria Aktiengesellschaft.

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. There are no provisions of the Articles of Association or other provisions 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 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 29 November 2020 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. Concerning 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) To identify and evaluate risks that could obstruct the goal of producing (consolidated) financial statements that comply with regulations

b) To limit recognised risks, for example by consulting with external specialists

c) To review 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 was 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 it 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 the business environment. 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 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 2018 financial year in the amount of €164,365,414.37 (2017: €158,160,654.22). The Management Board will propose to the Annual General Meeting on 20 May 2019 that this net profit be used for a dividend of €0.53 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, 22 March 2019

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, Austria. 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.

UNIQA Insurance Group AG is subject to the regulatory requirements of European and Austrian supervisory authorities (Financial Market Authority, European Insurance and Occupational Pensions Authority). The requirements include in particular the quantitative and qualitative solvency requirements.

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 taxes (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 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 expected claims to the tax authorities, based on the tax rates applicable on the reporting date or in the near future
Deferred tax assets	Undiscounted valuation applying the tax rates that are expected for the period in which an asset is realised or a liability met
Cash and cash equivalents	Amortised cost
Assets in disposal groups held for sale	Lower of carrying amount and fair value less cost to sale
Liabilities	
Subordinated liabilities	Amortised cost
Technical provisions	Property insurance: provisions for losses and unsettled claims (undiscounted value of expected future payment obligations) Life and health insurance: insurance provision in accordance with actuarial calculation principles (discounted value of expected future benefits less premiums)
Technical provisions for unit-linked and index-linked life insurance	Insurance provision based on the change in value of the contributions assessed
Financial liabilities	
- Liabilities from loans	Amortised cost
- Derivative financial instruments	Fair value
Other provisions	
- from defined benefit obligations	Actuarial valuation applying the projected benefit obligation method
- other	Present value of future settlement value
Liabilities and other items classified as liabilities	Amortised cost
Income tax liabilities	At the amount of any obligations to the tax authorities, based on the tax rates applicable on the reporting date or in the near future
Deferred tax liabilities	Undiscounted valuation applying the tax rates that are expected for the period in which an asset is realised or a liability met

Consolidated Statement of Financial Position at 31 December 2018

Assets
In € thousand

	Notes	31/12/2018	31/12/2017 adjusted	1/1/2017 adjusted
Property, plant and equipment	10	311,062	310,610	265,219
Intangible assets	11	1,618,885	1,529,548	1,492,360
Investments				
Investment property	1	1,104,146	1,233,896	1,349,996
Financial assets accounted for using the equity method	2	599,105	560,949	521,305
Other investments	3	17,633,815	18,264,326	18,345,317
Unit-linked and index-linked life insurance investments	6	4,751,183	5,034,492	4,879,928
Reinsurers' share of technical provisions	5	413,361	316,126	324,443
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance	6	101	291,958	318,636
Receivables, including insurance receivables	12	540,709	494,409	446,851
Income tax receivables	16	52,308	43,294	65,854
Deferred tax assets	15	5,758	4,680	5,589
Cash and cash equivalents	13	1,444,391	650,307	549,934
Assets in disposal groups held for sale	14	28,976	9,289	5,073,729
Total assets		**28,503,801**	**28,743,885**	**33,639,160**

Equity and liabilities
In € thousand

	Notes	31/12/2018	31/12/2017 adjusted	1/1/2017 adjusted
Total equity				
Portion attributable to shareholders of UNIQA Insurance Group AG				
Subscribed capital and capital reserves	20	1,789,923	1,789,923	1,789,923
Treasury shares	21	−16,614	−16,614	−16,631
Accumulated results		1,198,803	1,384,689	1,395,793
		2,972,112	**3,157,998**	**3,169,084**
Non-controlling interests	**23**	**14,438**	**91,388**	**27,515**
		2,986,550	**3,249,386**	**3,196,599**
Liabilities				
Subordinated liabilities		869,832	869,349	869,115
Technical provisions	5	17,336,358	17,382,072	17,643,442
Technical provisions for unit-linked and index-linked life insurance	6	4,721,904	5,019,325	4,846,591
Financial liabilities	24	798,484	40,352	47,798
Other provisions	17	662,998	809,820	798,737
Liabilities and other items classified as liabilities	25	807,210	1,027,053	1,015,895
Income tax liabilities	16	64,378	54,446	79,120
Deferred tax liabilities	15	254,999	292,082	279,635
Liabilities in disposal groups held for sale	14	1,088	0	4,862,227
		25,517,251	**25,494,500**	**30,442,561**
Total equity and liabilities		**28,503,801**	**28,743,885**	**33,639,160**

Consolidated Income Statement from 1 January until 31 December 2018

In € thousand

	Notes	1–12/2018	1–12/2017 adjusted
Premiums earned (net)	7		
Gross		4,950,079	4,806,111
Reinsurers' share		–189,335	–178,178
		4,760,744	**4,627,933**
Technical interest income		**335,586**	**340,250**
Other insurance income			
Gross		32,302	21,639
Reinsurers' share		92	655
		32,395	**22,293**
Insurance benefits	8		
Gross		–3,793,089	–3,611,736
Reinsurers' share		166,447	64,327
		–3,626,642	**–3,547,410**
Operating expenses	9		
Expenses for the acquisition of insurance		–865,546	–878,641
Other operating expenses		–462,706	–420,298
Reinsurance commission and share of profit from reinsurance ceded		13,599	22,965
		–1,314,653	**–1,275,974**
Other technical expenses			
Gross		–41,525	–39,707
Reinsurers' share		–5,725	–16,781
		–47,250	**–56,488**
Technical result		**140,180**	**110,605**
Net investment income	4		
Income from investments		917,575	980,124
Expenses from investments		–445,574	–458,180
Financial assets accounted for using the equity method		109,189	50,190
		581,191	572,134
Other income	26	**36,844**	**36,649**
Reclassification of technical interest income		**–335,586**	**–340,250**
Other expenses	27	**–72,536**	**–56,451**
Non-technical result		**209,913**	**212,082**
Operating profit/(loss)		**350,092**	**322,687**
Amortisation of goodwill and impairment losses		**–2,674**	**–5,039**
Finance cost		**–52,800**	**–53,017**
Earnings before taxes		**294,618**	**264,631**
Income taxes	16	**–59,470**	**–47,162**
Profit/(loss) for the period from continuing operations		**235,148**	**217,469**
Profit/(loss) from discontinued operations (after tax)	14	**0**	**–33,059**
Profit/(loss) for the period		**235,148**	**184,410**
of which attributable to shareholders of UNIQA Insurance Group AG		243,274	171,822
of which attributable to non-controlling interests		–8,126	12,588
Earnings per share (in €)[1]		**0.79**	**0.56**
Earnings per share from continuing operations		0.79	0.67
Earnings per share from discontinued operations		0.00	–0.11
Average number of shares in circulation		**306,965,261**	**306,965,261**

[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 2018

In € thousand

	1–12/2018	1–12/2017 adjusted
Profit/(loss) for the period	**235,148**	**184,410**
Items not reclassified to profit or loss in subsequent periods		
Revaluations of defined benefit obligations		
Gains (losses) recognised in equity	–17,517	4,491
Gains (losses) recognised in equity – deferred tax	4,379	–1,123
Other income from financial assets accounted for using the equity method		
Gains (losses) recognised in equity	4,283	2,191
	–8,855	**5,560**
Items reclassified to profit or loss in subsequent periods		
Currency translation		
Gains (losses) recognised in equity	–7,155	158
Valuation of financial instruments available for sale		
Gains (losses) recognised in equity	–345,092	–18,128
Gains (losses) recognised in equity – deferred tax	61,103	1,787
Gains (losses) recognised in equity – deferred profit participation	101,135	76,526
Recognised in the consolidated income statement	–99,926	–228,112
Recognised in the consolidated income statement – deferred tax	–1,525	24,382
Recognised in the consolidated income statement – deferred profit participation	31,140	97,938
Other income from financial assets accounted for using the equity method		
Gains (losses) recognised in equity	–5,443	3,803
Recognised in the consolidated income statement	148	0
	–265,614	**–41,645**
of which from discontinued operations	0	–71,513
Other comprehensive income	**–274,469**	**–36,085**
Total comprehensive income	**–39,320**	**148,325**
of which attributable to shareholders of UNIQA Insurance Group AG	–28,677	137,847
of which attributable to non-controlling interests	–10,643	10,478

Consolidated Statement of Cash Flows from 1 January until 31 December 2018

In € thousand

	Notes	1–12/2018	1–12/2017 adjusted
Profit/(loss) for the period		235,148	184,410
Impairment losses, amortisation of goodwill and other intangible assets, and depreciation of property, plant and equipment		42,397	42,684
Impairment losses/reversal of impairment losses on other investments		61,040	160,387
Gain/loss on the disposal of investments		−40,202	−57,103
Change in deferred acquisition costs		−18,939	1,697
Change in securities at fair value through profit or loss		143,880	−105,942
Change in direct insurance receivables		79,230	−1,868
Change in other receivables		−43,006	−18,385
Change in direct insurance liabilities		−270,341	5,440
Change in other liabilities		56,505	−12,521
Change in technical provisions		−16,238	59,725
Change in defined benefit obligations		−111,585	−7,513
Change in deferred tax assets and deferred tax liabilities		25,795	27,615
Change in other statement of financial position items		−148,439	194,748
Net cash flow from operating activities		**−4,755**	**473,376**
of which from discontinued operations		0	258,179
Proceeds from disposal of intangible assets and property, plant and equipment		8,170	4,566
Payments for acquisition of intangible assets and property, plant and equipment		−122,833	−76,857
Proceeds from disposal of consolidated companies		56,887	294,047
Proceeds from disposal and maturity of other investments		5,826,647	4,714,461
Payments for acquisition of other investments		−5,834,229	−4,999,223
Change in unit-linked and index-linked life insurance investments		283,310	−154,564
Net cash flow from investing activities		**209,981**	**−217,571**
of which from discontinued operations		0	35,300
Dividend payments	20	−158,143	−153,024
Transactions between owners		−1,438	−26
Proceeds from other financing activities		772,196	0
Payments from other financing activities	24	−23,704	−1,131
Net cash flow from financing activities		**588,911**	**−154,181**
Change in cash and cash equivalents		**794,137**	**101,624**
Change in cash and cash equivalents due to acquisitions or disposals of consolidated subsidiaries		1,894	0
of which from discontinued operations		0	293,479
Change in cash and cash equivalents due to movements in exchange rates		−54	−1,251
Cash and cash equivalents at beginning of year	13	650,307	549,934
Cash and cash equivalents at end of period	**13**	**1,444,391**	**650,307**
Income taxes paid (Net cash flow from operating activities)		−31,229	−21,705
Interest paid (Net cash flow from operating activities)		−58,876	−66,048
Interest received (Net cash flow from operating activities)		404,984	443,344
Dividends received (Net cash flow from operating activities)		57,961	27,528

Consolidated Statement of Changes in Equity

In € thousand	Notes	Subscribed capital and capital reserves	Treasury shares	Valuation of financial instruments available for sale	Accumulated Revaluations of defined benefit obligations
At 31 December 2016		**1,789,923**	**−16,631**	**453,662**	**−187,020**
IAS 8 restatement	37			56,507	−67,512
At 1 January 2017		**1,789,923**	**−16,631**	**510,169**	**−254,532**
Change in basis of consolidation			17	−45,482	
Dividends to shareholders					
Total comprehensive income				**−44,038**	**3,329**
Profit/(loss) for the period					
Other comprehensive income				−44,038	3,329
At 31 December 2017		**1,789,923**	**−16,614**	**420,649**	**−251,203**
At 1 January 2018		**1,789,923**	**−16,614**	**420,649**	**−251,203**
Change in basis of consolidation					
Dividends to shareholders	20				
Total comprehensive income				**−250,742**	**−13,690**
Profit/(loss) for the period					
Other comprehensive income				−250,742	−13,690
At 31 December 2018		**1,789,923**	**−16,614**	**169,907**	**−264,893**

results

Differences from currency translation	Other accumulated results	Portion attributable to shareholders of UNIQA Insurance Group AG	Non-controlling interests	Total equity
–173,953	**1,320,273**	**3,186,253**	**26,513**	**3,212,766**
	–6,163	–17,169	1,002	–16,167
–173,953	**1,314,109**	**3,169,084**	**27,515**	**3,196,599**
	46,943	1,479	56,007	57,486
	–150,413	–150,413	–2,611	–153,024
740	**177,816**	**137,847**	**10,478**	**148,325**
	171,822	171,822	12,588	184,410
740	5,995	–33,975	–2,111	–36,085
–173,214	**1,388,456**	**3,157,998**	**91,388**	**3,249,386**
–173,214	**1,388,456**	**3,157,998**	**91,388**	**3,249,386**
	–656	–656	–64,716	–65,372
	–156,552	–156,552	–1,591	–158,143
–6,508	**242,263**	**–28,677**	**–10,643**	**–39,320**
	243,274	243,274	–8,126	235,148
–6,508	–1,011	–271,951	–2,518	–274,469
–179,722	1,473,511	2,972,112	14,438	2,986,550

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 all foreign primary insurance companies and a foreign Group service company as well as the Austrian holding companies UNIQA International AG and UNIQA Internationale Beteiligungs-Verwaltungs GmbH. This segment is divided on a regional basis into the following main areas:
  - Central Europe (CE – Poland, Slovakia, Czech Republic and Hungary)
  - Eastern Europe (EE – Romania and Ukraine)
  - Russia (RU)
  - Southeastern Europe (SEE – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Montenegro, North Macedonia and Serbia)
  - Western Europe (WE – Liechtenstein and Switzerland)
  - 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 (net investment income and administrative costs) as well as all other remaining Austrian and foreign service companies.

Operating segments

In € thousand	UNIQA Austria 1–12/2018	UNIQA Austria 1–12/2017 adjusted	UNIQA International 1–12/2018	UNIQA International 1–12/2017 adjusted	Reinsurance 1–12/2018	Reinsurance 1–12/2017 adjusted
Premiums written (gross), including savings portions from unit-linked and index-linked life insurance	3,734,400	3,656,609	1,564,649	1,608,517	1,098,345	1,091,601
Premiums earned (net), including savings portions from unit-linked and index-linked life insurance	3,031,811	2,991,320	1,059,062	1,139,869	985,588	1,003,018
Savings portions from unit-linked and index-linked life insurance (gross)	219,802	231,806	100,712	249,833	0	0
Savings portions from unit-linked and index-linked life insurance (net)	220,214	226,377	100,712	249,833	0	0
Premiums written (gross)	3,514,598	3,424,803	1,463,937	1,358,684	1,098,345	1,091,601
Premiums earned (net)	2,811,597	2,764,943	958,350	890,037	985,588	1,003,018
Premiums earned (net) – intragroup	–662,714	–630,645	–387,285	–365,299	1,044,792	1,026,009
Premiums earned (net) – external	3,474,312	3,395,588	1,345,636	1,255,336	–59,203	–22,991
Technical interest income	309,474	312,366	26,112	27,884	0	0
Other insurance income	12,213	4,777	21,921	19,524	251	354
Insurance benefits	–2,390,251	–2,339,820	–561,788	–537,625	–682,442	–692,482
Operating expenses	–564,868	–548,346	–376,591	–355,974	–299,601	–320,192
Other technical expenses	–14,768	–29,065	–34,419	–31,329	–12,100	–11,629
Technical result	**163,398**	**164,854**	**33,585**	**12,517**	**–8,303**	**–20,931**
Net investment income	418,322	452,416	81,720	71,402	23,493	28,708
Income from investments	512,177	578,095	96,550	85,659	35,801	34,811
Expenses from investments	–112,433	–139,252	–15,035	–14,440	–12,308	–6,103
Financial assets accounted for using the equity method	18,578	13,573	206	184	0	0
Other income	1,204	1,776	10,814	13,790	12,897	4,472
Reclassification of technical interest income	–309,474	–312,366	–26,112	–27,884	0	0
Other expenses	–14,739	–16,573	–39,724	–19,472	–4,298	–6,122
Non-technical result	**95,312**	**125,254**	**26,699**	**37,836**	**32,092**	**27,058**
Operating profit/(loss)	**258,710**	**290,108**	**60,283**	**50,353**	**23,788**	**6,127**
Amortisation of goodwill and impairment losses	–1,913	–2,478	–761	–2,561	0	0
Finance cost	–25,080	–25,083	–4,410	–5,037	–2,900	–2,900
Earnings before taxes from continuing operations	**231,716**	**262,546**	**55,112**	**42,755**	**20,888**	**3,227**
Combined ratio (property and casualty insurance, after reinsurance)	91.6%	91.8%	95.5%	97.1%	99.6%	100.7%
Cost ratio (after reinsurance)	18.6%	18.3%	35.6%	31.2%	30.4%	31.9%

Impairment by segment

In € thousand	UNIQA Austria 1–12/2018	UNIQA Austria 1–12/2017	UNIQA International 1–12/2018	UNIQA International 1–12/2017	Reinsurance 1–12/2018	Reinsurance 1–12/2017
Goodwill						
Impairments	0	0	–35	0	0	0
Investments						
Impairments	–2,813	–32,254	–168	–337	0	0
Reversal of impairment losses	173	341	24	0	0	0

	Group functions		Consolidation		Group	
	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted
	0	0	−1,087,925	−1,063,422	5,309,469	5,293,305
	0	0	5,208	−30,065	5,081,670	5,104,143
	0	0	0	0	320,513	481,639
	0	0	0	0	320,925	476,210
	0	0	−1,087,925	−1,063,422	4,988,955	4,811,666
	0	0	5,208	−30,065	4,760,744	4,627,933
	0	0	5,208	−30,065	0	0
	0	0	0	0	4,760,744	4,627,933
	0	0	0	0	335,586	340,250
	1,753	505	−3,743	−2,866	32,395	22,293
	9,644	8,414	−1,806	14,103	−3,626,642	−3,547,410
	−68,410	−55,345	−5,183	3,884	−1,314,653	−1,275,974
	−166	−1,200	14,203	16,735	−47,250	−56,488
	−57,179	**−47,625**	**8,680**	**1,790**	**140,180**	**110,605**
	305,974	267,164	−248,319	−247,556	581,191	572,134
	593,331	585,370	−320,284	−303,810	917,575	980,124
	−338,422	−321,312	32,624	22,927	−445,574	−458,180
	51,065	3,106	39,341	33,327	109,189	50,190
	17,269	20,425	−5,340	−3,815	36,844	36,649
	0	0	0	0	−335,586	−340,250
	−16,231	−21,385	2,457	7,102	−72,536	−56,451
	307,012	**266,204**	**−251,202**	**−244,269**	**209,913**	**212,082**
	249,833	**218,578**	**−242,522**	**−242,479**	**350,092**	**322,687**
	0	0	0	0	−2,674	−5,039
	−64,201	−64,921	43,792	44,925	−52,800	−53,017
	185,632	**153,657**	**−198,730**	**−197,554**	**294,618**	**264,631**
	n/a	n/a	n/a	n/a	96.8%	97.5%
	n/a	n/a	n/a	n/a	25.9%	25.0%

	Group functions		Consolidation		Group	
	1–12/2018	1–12/2017	1–12/2018	1–12/2017	1–12/2018	1–12/2017
	0	0	0	0	−35	0
	−27,011	−19,401	0	0	−29,992	−51,993
	805	716	0	0	1,002	1,057

Classified by business line

Property and casualty insurance

In € thousand

	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted
Premiums written (gross)	1,703,527	1,621,756	1,067,373	997,262	1,051,342	1,044,952
Premiums earned (net)	1,033,105	999,876	584,844	544,270	961,811	981,510
Other insurance income	8,018	3,274	16,994	14,087	196	190
Insurance benefits	–691,172	–675,804	–339,160	–316,185	–660,503	–673,194
Operating expenses	–255,395	–241,781	–219,552	–212,451	–297,363	–315,055
Other technical expenses	–9,693	–7,579	–31,973	–28,974	–8,751	–8,098
Technical result	**84,863**	**77,987**	**11,153**	**746**	**–4,612**	**–14,647**
Net investment income	38,966	42,993	23,751	28,183	14,267	19,017
Income from investments	65,330	58,146	30,491	33,173	26,575	25,119
Expenses from investments	–26,657	–15,368	–6,946	–5,174	–12,308	–6,103
Financial assets accounted for using the equity method	293	214	206	184	0	0
Other income	771	1,186	4,517	6,929	12,838	4,468
Other expenses	–11,841	–12,006	–17,139	–13,089	–4,268	–6,051
Non-technical result	**27,896**	**32,172**	**11,130**	**22,023**	**22,837**	**17,434**
Operating profit/(loss)	**112,760**	**110,159**	**22,283**	**22,769**	**18,225**	**2,786**
Amortisation of goodwill and impairment losses	0	0	–454	–2,255	0	0
Finance cost	0	0	–4,330	–5,037	–2,900	–2,900
Earnings before taxes from continuing operations	**112,760**	**110,159**	**17,498**	**15,476**	**15,325**	**–114**

Health insurance

In € thousand

	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017	1–12/2018	1–12/2017
Premiums written (gross)	1,008,859	979,663	77,586	62,819	6,574	2,455
Premiums earned (net)	1,008,141	979,394	65,821	57,306	6,238	2,266
Technical interest income	83,976	81,277	0	0	0	0
Other insurance income	2,653	296	124	183	0	0
Insurance benefits	–864,356	–849,502	–41,256	–36,252	–4,681	–101
Operating expenses	–140,855	–128,691	–24,662	–21,807	–1,039	–1,148
Other technical expenses	–38	–176	–251	–212	0	0
Technical result	**89,522**	**82,597**	**–224**	**–783**	**518**	**1,017**
Net investment income	103,049	117,685	460	285	0	0
Income from investments	129,492	145,714	1,103	1,064	0	0
Expenses from investments	–34,193	–33,692	–643	–779	0	0
Financial assets accounted for using the equity method	7,750	5,663	0	0	0	0
Other income	95	397	2,994	3,272	21	3
Reclassification of technical interest income	–83,976	–81,277	0	0	0	0
Other expenses	–1,719	–2,627	–3,067	–2,892	0	0
Non-technical result	**17,449**	**34,177**	**387**	**665**	**21**	**3**
Operating profit/(loss)	**106,971**	**116,774**	**163**	**–118**	**539**	**1,020**
Finance cost	0	0	0	0	0	0
Earnings before taxes from continuing operations	**106,971**	**116,774**	**163**	**–118**	**539**	**1,020**

	Group functions		Consolidation		Group	
	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted
	0	0	−1,047,807	−1,024,271	2,774,435	2,639,699
	0	0	4,319	−30,572	2,584,079	2,495,084
	981	506	−3,553	−2,729	22,635	15,328
	249	177	514	20,169	−1,690,073	−1,644,837
	−33,500	−24,482	−5,170	5,294	−810,980	−788,475
	−36	−570	8,582	10,885	−41,872	−34,336
	−32,306	**−24,369**	**4,691**	**3,047**	**63,789**	**42,763**
	293,266	239,951	−242,106	−210,396	128,145	119,747
	424,615	380,792	−258,948	−228,597	288,064	268,634
	−180,633	−142,324	8,060	11,686	−218,484	−157,283
	49,284	1,483	8,782	6,515	58,565	8,396
	12,028	17,792	−4,088	−5,240	26,066	25,134
	−12,327	−13,066	993	6,808	−44,581	−37,403
	292,967	**244,677**	**−245,200**	**−208,828**	**109,630**	**107,478**
	260,661	**220,308**	**−240,510**	**−205,781**	**173,419**	**150,241**
	0	0	0	0	−454	−2,255
	−57,652	−57,928	12,183	12,946	−52,699	−52,920
	203,009	**162,380**	**−228,326**	**−192,835**	**120,266**	**95,066**

	Group functions		Consolidation		Group	
	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017
	0	0	−6,574	−2,972	1,086,444	1,041,964
	0	0	139	−90	1,080,339	1,038,875
	0	0	0	0	83,976	81,277
	389	0	0	0	3,167	479
	9,396	8,237	48	7	−900,849	−877,611
	−18,370	−17,318	1,070	967	−183,856	−167,998
	0	−296	1	2	−288	−683
	−8,585	**−9,377**	**1,257**	**886**	**82,488**	**74,340**
	3,886	15,751	−7,855	−17,353	99,541	116,368
	108,310	141,177	−28,497	−31,070	210,408	256,885
	−104,424	−125,748	8,839	3,569	−130,420	−156,651
	0	322	11,803	10,148	19,553	16,133
	3,623	2,494	−1,191	1,348	5,542	7,514
	0	0	0	0	−83,976	−81,277
	−2,886	−2,082	344	424	−7,329	−7,177
	4,623	**16,163**	**−8,703**	**−15,580**	**13,778**	**35,428**
	−3,962	**6,786**	**−7,446**	**−14,695**	**96,266**	**109,767**
	−173	−97	72	0	−101	−97
	−4,135	**6,689**	**−7,374**	**−14,695**	**96,165**	**109,670**

Life insurance

In € thousand

	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017
Premiums written (gross), including savings portions from unit-linked and index-linked life insurance	1,022,014	1,055,190	419,691	548,437	40,429	44,194
Premiums earned (net), including savings portions from unit-linked and index-linked life insurance	990,565	1,012,050	408,397	538,294	17,539	19,243
Savings portions from unit-linked and index-linked life insurance (gross)	219,802	231,806	100,712	249,833	0	0
Savings portions from unit-linked and index-linked life insurance (net)	220,214	226,377	100,712	249,833	0	0
Premiums written (gross)	802,212	823,384	318,979	298,604	40,429	44,194
Premiums earned (net)	770,352	785,673	307,685	288,461	17,539	19,243
Technical interest income	225,498	231,088	26,112	27,884	0	0
Other insurance income	1,542	1,207	4,803	5,254	55	164
Insurance benefits	−834,724	−814,514	−181,372	−185,187	−17,257	−19,188
Operating expenses	−168,619	−177,874	−132,377	−121,716	−1,198	−3,989
Other technical expenses	−5,037	−21,310	−2,195	−2,143	−3,348	−3,531
Technical result	**−10,987**	**4,270**	**22,655**	**12,554**	**−4,210**	**−7,300**
Net investment income	276,306	291,739	57,509	42,934	9,226	9,691
Income from investments	317,355	374,235	64,955	51,421	9,226	9,691
Expenses from investments	−51,583	−90,192	−7,446	−8,487	0	0
Financial assets accounted for using the equity method	10,534	7,696	0	0	0	0
Other income	337	194	3,304	3,589	38	1
Reclassification of technical interest income	−225,498	−231,088	−26,112	−27,884	0	0
Other expenses	−1,179	−1,940	−19,519	−3,491	−31	−71
Non-technical result	**49,966**	**58,904**	**15,182**	**15,148**	**9,234**	**9,621**
Operating profit/(loss)	**38,979**	**63,175**	**37,837**	**27,702**	**5,024**	**2,321**
Amortisation of goodwill and impairment losses	−1,913	−2,478	−307	−305	0	0
Finance cost	−25,080	−25,083	−80	0	0	0
Earnings before taxes from continuing operations	**11,985**	**35,613**	**37,451**	**27,397**	**5,024**	**2,321**

	Group functions		Consolidation		Group	
	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017 adjusted
	0	0	−33,544	−36,179	1,448,590	1,611,642
	0	0	750	597	1,417,251	1,570,184
	0	0	0	0	320,513	481,639
	0	0	0	0	320,925	476,210
	0	0	−33,544	−36,179	1,128,076	1,130,003
	0	0	750	597	1,096,326	1,093,974
	0	0	0	0	251,610	258,973
	382	−1	−189	−137	6,593	6,487
	0	0	−2,367	−6,073	−1,035,721	−1,024,962
	−16,541	−13,545	−1,083	−2,377	−319,817	−319,501
	−130	−333	5,621	5,848	−5,089	−21,469
	−16,288	**−13,879**	**2,732**	**−2,143**	**−6,098**	**−6,498**
	8,821	11,462	1,642	−19,807	353,505	336,019
	60,405	63,401	−32,839	−44,144	419,103	454,605
	−53,365	−53,240	15,725	7,672	−96,670	−144,247
	1,781	1,301	18,756	16,665	31,071	25,662
	1,618	139	−61	77	5,236	4,001
	0	0	0	0	−251,610	−258,973
	−1,018	−6,238	1,120	−131	−20,626	−11,871
	9,422	**5,364**	**2,701**	**−19,861**	**86,505**	**69,177**
	−6,867	**−8,516**	**5,433**	**−22,004**	**80,407**	**62,679**
	0	0	0	0	−2,220	−2,784
	−6,376	−6,896	31,536	31,979	0	0
	−13,242	**−15,411**	**36,970**	**9,975**	**78,187**	**59,895**

UNIQA International – classified by region

In € thousand	Premiums earned (net) 1–12/2018	Premiums earned (net) 1–12/2017	Net investment income 1–12/2018	Net investment income 1–12/2017 adjusted
Poland	171,878	166,160	11,027	12,903
Slovakia	87,323	81,644	4,133	5,014
Czech Republic	169,564	148,326	3,161	7,070
Hungary	72,088	65,347	3,922	3,815
Central Europe (CE)	**500,853**	**461,476**	**22,244**	**28,801**
Romania	53,256	63,633	3,994	3,992
Ukraine	65,608	47,169	4,363	6,191
Eastern Europe (EE)	**118,864**	**110,802**	**8,357**	**10,183**
Russia	95,276	83,132	29,337	12,743
Russia (RU)	**95,276**	**83,132**	**29,337**	**12,743**
Albania	31,544	30,301	970	712
Bosnia and Herzegovina	27,655	25,870	2,430	2,309
Bulgaria	48,612	47,532	1,460	945
Kosovo	9,655	9,641	176	146
Croatia	47,779	48,935	12,212	14,763
Montenegro	10,684	10,288	793	729
North Macedonia	12,157	11,065	360	346
Serbia	38,860	35,723	3,988	1,311
Southeastern Europe (SEE)	**226,946**	**219,354**	**22,390**	**21,260**
Liechtenstein	16,412	15,272	404	–1,139
Switzerland	0	0	–16	303
Western Europe (WE)	**16,412**	**15,272**	**389**	**–836**
Austria	0	0	–995	–748
Administration	**0**	**0**	**–995**	**–748**
UNIQA International	**958,350**	**890,037**	**81,720**	**71,402**
Of which:				
Earnings before taxes insurance companies				
Impairment of goodwill				

Insurance benefits		Operating expenses		Earnings before taxes	
1–12/2018	1–12/2017	1–12/2018	1–12/2017	1–12/2018	1–12/2017 adjusted
–103,981	–101,203	–61,300	–62,534	14,613	12,710
–46,442	–47,838	–37,537	–32,682	5,135	4,650
–97,710	–90,595	–53,794	–49,652	20,147	14,086
–24,083	–23,912	–36,939	–33,606	4,599	2,785
–272,216	**–263,548**	**–189,570**	**–178,474**	**44,494**	**34,231**
–29,297	–35,728	–23,331	–29,989	–475	–384
–33,363	–22,229	–33,534	–25,760	3,157	4,396
–62,659	**–57,957**	**–56,865**	**–55,749**	**2,682**	**4,012**
–79,199	–74,078	–13,924	–11,473	16,483	10,161
–79,199	**–74,078**	**–13,924**	**–11,473**	**16,483**	**10,161**
–11,281	–9,594	–15,288	–15,328	1,451	2,476
–18,337	–17,357	–10,621	–9,500	1,044	991
–31,584	–31,643	–16,502	–16,125	1,720	1,378
–4,628	–3,940	–4,492	–4,067	785	1,066
–31,694	–35,609	–20,767	–20,735	6,137	5,102
–5,759	–5,647	–5,068	–4,548	495	285
–5,588	–4,922	–5,722	–5,799	433	473
–25,166	–22,269	–14,595	–13,795	1,908	2,086
–134,037	**–130,981**	**–93,055**	**–89,896**	**13,973**	**13,858**
–13,677	–11,061	–3,169	–3,778	–477	–40
0	0	0	0	131	394
–13,677	**–11,061**	**–3,169**	**–3,778**	**–346**	**353**
0	0	–20,008	–16,604	–22,173	–19,860
0	**0**	**–20,008**	**–16,604**	**–22,173**	**–19,860**
–561,788	**–537,625**	**–376,591**	**–355,974**	**55,112**	**42,755**
				77,154	62,221
				–35	0

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position – classified by business line

In € thousand	Property and casualty insurance 31/12/2018	Property and casualty insurance 31/12/2017 adjusted	Health insurance 31/12/2018	Health insurance 31/12/2017 adjusted
Assets				
Property, plant and equipment	158,803	162,469	44,866	35,276
Intangible assets	614,853	525,280	266,520	255,538
Investments				
Investment property	227,191	254,494	235,225	237,163
Financial assets accounted for using the equity method	66,289	59,580	205,735	193,589
Other investments	4,627,839	4,825,851	3,081,666	2,999,567
Unit-linked and index-linked life insurance investments	0	0	0	0
Reinsurers’ share of technical provisions	286,045	183,517	2,204	1,582
Reinsurers’ share of technical provisions for unit-linked and index-linked life insurance	0	0	0	0
Receivables, including insurance receivables	356,008	176,572	241,476	319,261
Income tax receivables	48,058	38,840	967	306
Deferred tax assets	1,660	1,318	0	–11
Cash and cash equivalents	249,265	278,283	167,959	182,854
Assets in disposal groups held for sale	0	9,289	0	0
Total assets by business line	**6,636,012**	**6,515,493**	**4,246,618**	**4,225,126**
Liabilities				
Subordinated liabilities	875,602	875,127	0	0
Technical provisions	3,273,160	3,135,972	3,193,024	3,039,217
Technical provisions for unit-linked and index-linked life insurance	0	0	0	0
Financial liabilities	169,111	5,820	22,167	27,900
Other provisions	392,017	526,604	288,397	296,605
Liabilities and other items classified as liabilities	499,908	374,003	95,172	57,606
Income tax liabilities	61,056	50,571	2,553	2,620
Deferred tax liabilities	48,910	57,530	100,795	118,068
Liabilities in disposal groups held for sale	0	0	0	0
Total liabilities by business line	**5,319,763**	**5,025,625**	**3,702,108**	**3,542,015**

Life insurance		Consolidation		Group	
31/12/2018	31/12/2017 adjusted	31/12/2018	31/12/2017	31/12/2018	31/12/2017 adjusted
107,393	112,865	0	0	311,062	310,610
779,084	786,540	−41,572	−37,810	1,618,885	1,529,548
641,731	742,239	0	0	1,104,146	1,233,896
327,080	307,779	0	0	599,105	560,949
10,639,240	11,072,151	−714,930	−633,243	17,633,815	18,264,326
4,751,183	5,034,492	0	0	4,751,183	5,034,492
136,617	142,301	−11,505	−11,275	413,361	316,126
101	291,958	0	0	101	291,958
82,773	57,667	−139,548	−59,091	540,709	494,409
3,283	4,148	0	0	52,308	43,294
4,098	3,373	0	0	5,758	4,680
1,027,166	189,170	0	0	1,444,391	650,307
28,976	0	0	0	28,976	9,289
18,528,725	**18,744,685**	**−907,555**	**−741,419**	**28,503,801**	**28,743,885**
410,741	410,742	−416,511	−416,519	869,832	869,349
10,897,500	11,230,504	−27,326	−23,621	17,336,358	17,382,072
4,721,904	5,019,325	0	0	4,721,904	5,019,325
942,278	189,211	−335,073	−182,579	798,484	40,352
19,771	27,024	−37,186	−40,412	662,998	809,820
303,506	673,322	−91,375	−77,878	807,210	1,027,053
769	1,256	0	0	64,378	54,446
105,294	116,485	0	0	254,999	292,082
1,088	0	0	0	1,088	0
17,402,850	**17,667,869**	**−907,471**	**−741,009**	**25,517,251**	**25,494,500**
			Consolidated equity and non-controlling interests	**2,986,550**	**3,249,386**
			Total equity and liabilities	**28,503,801**	**28,743,885**

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 rent revenue 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 5 to 80 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 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**
At 1 January 2018	**1,794,615**
Currency translation	–978
Change in basis of consolidation	32,509
Additions	18,813
Disposals	–75,636
Reclassifications	–1,726
Reclassifications held for sale	–152,160
At 31 December 2018	**1,615,436**

Accumulated depreciation and impairment losses

In € thousand

At 1 January 2017	**–664,776**
Currency translation	1,474
Additions from depreciation	–45,665
Additions from impairment	–13,029
Disposals	85,354
Reclassifications	74,637
Reversal of impairment	1,287
At 31 December 2017	**–560,719**
At 1 January 2018	**–560,719**
Currency translation	290
Additions from depreciation	–31,863
Additions from impairment	–16,923
Disposals	50,959
Reclassifications	1,812
Reversal of impairment	413
Reclassifications held for sale	44,741
At 31 December 2018	**–511,289**

Carrying amounts

In € thousand

	Property and casualty insurance	Health insurance	Life insurance	Total
At 1 January 2017	**285,872**	**275,331**	**788,793**	**1,349,996**
At 31 December 2017	**254,494**	**237,163**	**742,239**	**1,233,896**
At 31 December 2018	**227,191**	**235,225**	**641,731**	**1,104,146**

Fair values

In € thousand

	Property and casualty insurance	Health insurance	Life insurance	Total
At 31 December 2017	**447,622**	**527,343**	**1,242,662**	**2,217,627**
At 31 December 2018	**427,588**	**562,563**	**1,095,942**	**2,086,093**

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	
	2018[1) 2)]	2017[2)]	2018	2017
Net assets at 1 January	**3,333,379**	**3,113,049**	**135,004**	**118,463**
Change in basis of consolidation	0	0	0	0
Dividends	–133,380	–97,470	–910	–866
Profit/(loss) after taxes	336,513	277,652	22,210	17,761
Other comprehensive income	5,903	40,148	–5,138	–354
Net assets at 31 December	**3,542,415**	**3,333,379**	**151,166**	**135,004**
Shares in associated companies	14.26%	14.26%	Various investment amounts	
Carrying amount	**541,460**	**509,509**	**57,638**	**51,440**

1) Estimate for 31 Dec. 2018 based on the interim report as at 30 Sept. 2018 on STRABAG SE available as at the reporting date
2) The carrying amounts are calculated based on the shares in circulation. 2018: 15.29%, 2017: 15.29%

At 31 December 2018, UNIQA held 14.3 per cent of STRABAG SE's share capital (31 December 2017: 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 2018, for the period up until 31 December 2018. At 31 December 2018, the fair value amounts to €402,255 thousand (2017: €533,674 thousand).

Summarised statement of comprehensive income

In € thousand	STRABAG SE[1)]	
	1–9/2018	1–9/2017
Revenue	10,681,470	9,357,275
Depreciation	–272,536	–277,866
Interest income	36,783	30,000
Interest expenses	–47,277	–64,688
Income taxes	–100,636	–49,130
Profit/(loss) for the period	187,758	86,740
Other comprehensive income	–2,923	17,097
Total comprehensive income	**184,835**	**103,837**

Summarised statement of financial position

In € thousand	STRABAG SE[1)] 30/9/2018	31/12/2017
Cash and cash equivalents	1,754,402	2,790,447
Other current assets	4,969,505	4,167,935
Current assets	**6,723,907**	**6,958,382**
Non-current assets	**4,767,771**	**4,095,741**
Total assets	**11,491,678**	**11,054,123**
Current financial liabilities	333,250	411,098
Other current liabilities	5,226,053	5,099,945
Current liabilities	**5,559,303**	**5,511,043**
Non-current financial liabilities	1,128,336	882,879
Other non-current liabilities	1,327,265	1,262,482
Non-current liabilities	**2,455,601**	**2,145,361**
Total liabilities	**8,014,904**	**7,656,404**
Net assets	**3,476,774**	**3,397,719**

1) STRABAG SE Interim Report January-September 2018 as published on 29/11/2018.

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 2018.

Summary of information on associated companies not material on a stand-alone basis

In € thousand	1–12/2018	1–12/2017
Group’s share of profit from continuing operations	8,597	6,413
Group’s share of other comprehensive income	−2,062	−142
Group’s share of total comprehensive income	6,535	6,270

3. Other investments

UNIQA has applied the deferral approach for IFRS 9 since 1 January 2018. This enables UNIQA to postpone the date of first-time application of IFRS 9 until IFRS 17 comes into force.

Classification

UNIQA classifies non-derivative financial assets to the following categories: financial assets 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 or 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 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.

In securities lending transactions, the risks and rewards associated with the securities lent, such as the price risk, the credit risk and the income from dividends and other income from the securities lent, remain with the lender. As a result, the securities lent are not derecognised. The assets transferred are available-for-sale financial assets. Cash collateral in connection with securities lending transactions is reported under the item “Cash and cash equivalents”.

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

Derivatives are also recognised from the date on which they arise.

Measurement

With the exception of loans, investments are listed at their fair value. The loans are accounted for at amortised cost.

Financial assets 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. 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 2018

In € thousand

	Variable-income securities	Fixed-income securities	Loans and other investments	Derivative financial instruments	Investments under investment contracts	Total
Financial assets at fair value through profit or loss	24,538	308,029	0	20,804	56,395	409,767
Available-for-sale financial assets	840,857	15,702,491	0	0	0	16,543,348
Loans and receivables	0	172,985	507,715	0	0	680,701
Total	**865,396**	**16,183,505**	**507,715**	**20,804**	**56,395**	**17,633,815**
of which fair value option	24,538	308,029	0	0	0	332,567

At 31 December 2017 (adjusted)

In € thousand

	Variable-income securities	Fixed-income securities	Loans and other investments	Derivative financial instruments	Investments under investment contracts	Total
Financial assets at fair value through profit or loss	29,415	315,968	0	165,037	60,419	570,840
Available-for-sale financial assets	856,090	16,149,214	0	0	0	17,005,304
Loans and receivables	0	216,459	471,723	0	0	688,182
Total	**885,505**	**16,681,642**	**471,723**	**165,037**	**60,419**	**18,264,326**
of which fair value option	29,415	315,968	0	0	0	345,384

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 respective Member of the 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. The level in the fair value hierarchy to which these measurements are attributable is also tested. 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. Based on 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.

The valuation processes and methods are as follows:

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 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 to the method whereby the future (expected) payment flows or earnings are inferred on a current amount.
- Cost approach
  The cost 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
Infrastructure financing	Theoretical price	-	Discounted cash flow
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, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	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
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
Investments under 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 31/12/2018	Level 1 31/12/2017 adjusted	Level 2 31/12/2018	Level 2 31/12/2017 adjusted	Level 3 31/12/2018	Level 3 31/12/2017 adjusted	Total 31/12/2018	Total 31/12/2017 adjusted
Available-for-sale financial assets								
Variable-income securities	695,196	727,791	1,135	125	144,526	128,173	840,857	856,090
Fixed-income securities	12,567,999	13,287,001	2,633,039	2,553,636	501,453	308,578	15,702,491	16,149,214
Total	**13,263,195**	**14,014,792**	**2,634,175**	**2,553,761**	**645,979**	**436,751**	**16,543,348**	**17,005,304**
Financial assets at fair value through profit or loss								
Variable-income securities	0	0	14,445	17,684	10,094	11,732	24,538	29,415
Fixed-income securities	197,100	175,635	48,235	78,774	62,694	61,560	308,029	315,968
Derivative financial instruments	12	20	5,205	84,249	15,587	80,767	20,804	165,037
Investments under investment contracts	49,008	56,630	932	971	6,456	2,818	56,395	60,419
Total	**246,120**	**232,285**	**68,816**	**181,678**	**94,830**	**156,876**	**409,767**	**570,840**

In € thousand	Level 1 31/12/2018	Level 1 31/12/2017	Level 2 31/12/2018	Level 2 31/12/2017 adjusted	Level 3 31/12/2018	Level 3 31/12/2017	Total 31/12/2018	Total 31/12/2017 adjusted
Financial liabilities								
Derivative financial instruments	0	0	13,345	24,208	0	2,307	13,345	26,514
Total	**0**	**0**	**13,345**	**24,208**	**0**	**2,307**	**13,345**	**26,514**

Fair values of assets and liabilities measured at amortised cost

In € thousand	Level 1 31/12/2018	Level 1 31/12/2017 adjusted	Level 2 31/12/2018	Level 2 31/12/2017 adjusted	Level 3 31/12/2018	Level 3 31/12/2017 adjusted	Total 31/12/2018	Total 31/12/2017 adjusted
Investment property	**0**	**0**	**0**	**0**	**2,086,093**	**2,217,627**	**2,086,093**	**2,217,627**
Loans and receivables								
Loans and other investments	0	0	395,016	328,323	112,700	143,400	507,715	471,723
Fixed-income securities	30,789	51,579	123,862	155,378	31,443	32,768	186,094	239,724
Total	**30,789**	**51,579**	**518,878**	**483,701**	**144,143**	**176,168**	**693,809**	**711,447**

In € thousand	Level 1 31/12/2018	Level 1 31/12/2017 adjusted	Level 2 31/12/2018	Level 2 31/12/2017	Level 3 31/12/2018	Level 3 31/12/2017	Total 31/12/2018	Total 31/12/2017 adjusted
Financial liabilities								
Liabilities from collateral received for securities lending	0	0	0	0	772,196	0	772,196	0
Liabilities from loans	0	0	0	0	12,943	13,837	12,943	13,837
Total	**0**	**0**	**0**	**0**	**785,139**	**13,837**	**785,139**	**13,837**
Subordinated liabilities	**959,400**	**1,088,161**	**0**	**0**	**0**	**0**	**959,400**	**1,088,161**

Transfers between levels 1 and 2

In the reporting period transfers from Level 1 to Level 2 were made in the amount of €443,997 thousand (2017: €202,399 thousand) and from Level 2 to Level 1 in the amount of €234,586 thousand (2017: €1,508,494 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.

	RZB shares		Fixed-income securities		Other		Total	
In € thousand	2018	2017	2018	2017 adjusted	2018	2017 adjusted	2018	2017 adjusted
At 1 January	**0**	**126,071**	**308,578**	**427,840**	**282,743**	**286,039**	**591,321**	**839,950**
Transfers from Level 3 to Level 1	0	–126,071	–24	0	–6	0	–29	–126,071
Transfers to Level 3	0	0	772	107,276	0	1,741	772	109,017
Gains and losses recognised in profit or loss	0	0	1,630	–24,697	–12,527	9,579	–10,897	–15,119
Gains and losses recognised in other comprehensive income	0	0	–14,445	–1,573	3,290	2,178	–11,155	605
Additions	0	0	217,244	101,253	43,676	11,929	260,920	113,182
Disposals	0	0	–12,273	–301,521	–77,814	–24,514	–90,087	–326,035
Changes from currency translation	0	0	–29	0	–6	–7	–35	–7
Change in basis of consolidation	0	0	0	0	0	–4,202	0	–4,202
At 31 December	**0**	**0**	**501,453**	**308,578**	**239,356**	**282,743**	**740,809**	**591,321**

Sensitivities

For the most important financial instruments in Level 3, an increase in the discount rate by 100 basis points results in a 5.7 per cent reduction in the value (2017: 3.7 per cent). A reduction in the discount rate by 100 basis points results in a 6.4 per cent increase in value (2017: 3.7 per cent).

Transfer of financial assets

	Fair value	
In € thousand	31/12/2018	31/12/2017
Transferred financial assets from securities lending	772,406	0
Liabilities from collateral received for securities lending	772,196	0
Net position	**210**	**0**

The carrying amounts of the transferred financial assets of the securities lending transactions and the liabilities from collateral received for securities lending transactions correspond to the fair values.

Carrying amounts for loans and other investments

In € thousand	31/12/2018	31/12/2017 adjusted
Loans		
Loans to affiliated unconsolidated companies	4,382	0
Mortgage loans	14,100	17,151
Loans and advance payments on policies	13,481	8,409
Other loans	54,986	7,589
Total	**86,950**	**33,148**
Other investments		
Bank deposits	395,016	328,323
Deposits retained on assumed reinsurance	25,750	110,252
Total	**420,766**	**438,575**
Total sum	**507,715**	**471,723**

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

	31/12/2018	31/12/2017
At 1 January	**−6,339**	**−25,832**
Allocation	−114	−1,025
Use	1,870	19,056
Reversal	933	1,502
Currency translation	−7	−39
At 31 December	**−3,657**	**−6,339**

Contractual maturities for fair values of loans

In € thousand

	31/12/2018	31/12/2017 adjusted
Up to 1 year	4,227	2,639
More than 1 year and up to 5 years	16,703	8,575
More than 5 years up to 10 years	56,240	12,377
More than 10 years	9,780	9,558
Total	**86,950**	**33,148**

4. Net investment income

Classified by business line

In € thousand	Property and casualty insurance		Health insurance		Life insurance		Total	
	1–12/2018	1–12/2017 adjusted	1–12/2018	1–12/2017	1–12/2018	1–12/2017	1–12/2018	1–12/2017 adjusted
Investment property	**9,117**	**−2,910**	**5,783**	**15,647**	**32,475**	**40,932**	**47,375**	**53,670**
Financial assets accounted for using the equity method	**58,565**	**8,396**	**19,553**	**16,133**	**31,071**	**25,662**	**109,189**	**50,190**
Variable-income securities	**16,450**	**22,196**	**9,022**	**17,788**	**19,284**	**13,062**	**44,756**	**53,046**
Available for sale	14,807	22,196	8,902	16,597	19,194	23,048	42,903	61,841
At fair value through profit or loss	1,642	0	120	1,191	90	−9,986	1,853	−8,795
Fixed-income securities	**77,511**	**82,293**	**83,104**	**54,203**	**253,456**	**229,231**	**414,071**	**365,727**
Available for sale	81,459	82,595	85,447	55,252	252,528	223,959	419,434	361,806
At fair value through profit or loss	−3,948	−302	−2,343	−1,049	928	5,272	−5,363	3,921
Loans and other investments	**3,667**	**3,442**	**2,092**	**1,421**	**34,174**	**35,820**	**39,933**	**40,683**
Loans	450	2,210	1,754	2,695	10,142	7,735	12,345	12,640
Other investments	3,217	1,232	339	−1,274	24,032	28,085	27,588	28,043
Derivative financial instruments	**−16,586**	**14,576**	**−10,485**	**20,647**	**−918**	**4,147**	**−27,989**	**39,370**
Investment administration expenses, interest paid and other investment expenses	**−20,579**	**−8,245**	**−9,528**	**−9,472**	**−16,037**	**−12,834**	**−46,144**	**−30,551**
Total	**128,145**	**119,747**	**99,541**	**116,368**	**353,505**	**336,019**	**581,191**	**572,134**
Of which:								
Current income/expenses	107,340	105,382	83,623	75,268	336,692	340,853	527,656	521,502
Gains/losses from disposals and changes in value	20,805	14,366	15,917	41,100	16,813	−4,834	53,535	50,632
Impairments	−13,062	−13,691	−1,280	−2,172	−15,650	−36,130	−29,992	−51,993

Classified by type of income

In € thousand	Current income/expenses 1–12/2018	Current income/expenses 1–12/2017 adjusted	Gains/losses from disposals and changes in value 1–12/2018	Gains/losses from disposals and changes in value 1–12/2017 adjusted	Total 1–12/2018	Total 1–12/2017 adjusted	of which impairment 1–12/2018	of which impairment 1–12/2017
Financial assets at fair value through profit or loss	**2,124**	**6,517**	**–33,624**	**27,979**	**–31,500**	**34,496**	**0**	**0**
Variable-income securities (within the framework of fair value option)	763	1,945	1,090	–10,740	1,853	–8,795	0	0
Fixed-income securities (within the framework of fair value option)	1,510	4,002	–6,873	–81	–5,363	3,921	0	0
Derivative financial instruments	–149	570	–27,841	38,800	–27,989	39,370	0	0
Investments under investment contracts[1]	0	0	0	0	0	0	0	0
Available-for-sale financial assets	**392,045**	**383,100**	**70,292**	**40,547**	**462,337**	**423,647**	**–12,980**	**–38,964**
Variable-income securities	36,555	25,414	6,348	36,427	42,903	61,841	–10,175	–1,843
Fixed-income securities	355,490	357,686	63,944	4,120	419,434	361,806	–2,805	–37,121
Loans and receivables	**39,116**	**42,006**	**817**	**–1,323**	**39,933**	**40,683**	**–89**	**0**
Fixed-income securities	7,921	8,362	1,272	800	9,193	9,162	0	0
Loans and other investments	31,195	33,645	–455	–2,123	30,740	31,521	–89	0
Investment property	**78,781**	**70,241**	**–31,407**	**–16,571**	**47,375**	**53,670**	**–16,923**	**–13,029**
Financial assets accounted for using the equity method	**61,733**	**50,190**	**47,456**	**0**	**109,189**	**50,190**	**0**	**0**
Investment administration expenses, interest paid and other investment expenses	**–46,144**	**–30,551**	**0**	**0**	**–46,144**	**–30,551**	**0**	**0**
Total	**527,656**	**521,502**	**53,535**	**50,632**	**581,191**	**572,134**	**–29,992**	**–51,993**

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

Details of net investment income

In € thousand	1–12/2018	1–12/2017
Current income/expenses from investment property		
Rent revenue	110,491	109,449
Operational expenses	–31,710	–39,208
Gains/losses from disposals and changes in value		
Currency gains/losses	–16,603	–62,262
of which gains/losses from derivative financial instruments as part of US dollar underlying	8,620	–68,199
of which gains/losses from derivative financial instruments as part of hedge transactions in US dollar	–11,965	28,943

Positive currency effects from investments amounting to €9,558 thousand (2017: negative currency effects amounting to €–22,936 thousand) were recognised directly in equity.

Net profit/(loss) by measurement category

In € thousand	1–12/2018	1–12/2017 adjusted
Financial assets at fair value through profit or loss		
Recognised in profit/(loss) for the period	–31,500	34,496
Available-for-sale financial assets		
Recognised in profit/(loss) for the period	462,337	423,647
of which reclassified from equity to consolidated income statement	–99,926	–130,195
Recognised in other comprehensive income[1]	–445,017	–148,323
Net income	**17,320**	**275,324**
Loans and receivables		
Recognised in profit/(loss) for the period	39,933	40,683
Financial liabilities measured at amortised cost		
Recognised in profit/(loss) for the period	–52,800	–53,017

[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, 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 determined prospectively of future benefits to be paid by the insurer less the present value of future net premiums the insurer expects to receive on an individual contract basis. Insurance provisions are also established in the property and casualty lines that cover lifelong obligations (accident pensions as well as pensions in motor liability insurance). The insurance provision of the life insurer is calculated by taking into account prudent and contractually agreed calculation principles, which are explained in more detail under the actuarial risks in chapter 43, "Risk profile". These calculation principles take into account assumptions related to costs, mortality, invalidity and interest rate changes. Reasonable safety margins are included here in order to account for the risk of adjustments, errors and contingencies over the term of the contract.

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

The provision for unsettled claims includes both the provision for claims already reported by the reporting date as well as the provision for damage that has not yet been reported but which has already occurred.

The provision in property and casualty insurance is determined based on a best estimate. Standard actuarial methods are used to calculate the claim reserves with the parameters for these based on historical data. The assumptions made are reviewed continuously and adjusted if necessary. Examples of material assumptions include growth in claims frequency and in average claims expenses. The settlement patterns for the individual lines of business which can be impacted by various factors represent a further material assumption. Assumptions regarding the future progress of claims inflation are only made to the extent that the future development is extrapolated based on historical observations. In insurance lines where historical values do not allow the application of statistical methods, calculations are made on the basis of market data or expert assessments.

Discounting of claims reserves only takes place with respect to a small section of the annuity reserves for which an insurance provision is also formed. Recourse payments expected in future are deducted from the provision for unsettled claims. Costs of settling the claim that are directly attributable to the claim event such as costs of an expert report are already included in the calculation for the provision. Provisions for internal settlement expense are determined in a separate calculation procedure. The calculation of the provision for unsettled claims involves uncertainty on account of the contingency risk in the underlying assumptions. Further information on this can be found in chapter 43, “Risk profile”.

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. Business lines that feature a surplus in the annual calculation of less than 10 per cent from future premiums less claims and costs expected in future are reviewed each quarter. In non-life insurance, the business lines tested are motor vehicle liability insurance, 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 2018	**563,515**	**12,550**	**2,492,366**	**28,242**	**1,771**	**14,308**	**3,112,751**
Foreign exchange differences	−3,499	−383	−7,791	−52	1	−75	−11,799
Portfolio changes	−515		−808			−2,269	−3,592
Additions		319		1,186	501	3,015	5,020
Disposals		−185		−124	−954	−3,136	−4,399
Premiums written	2,774,435						2,774,435
Premiums earned	−2,741,750						−2,741,750
Claims reporting year			1,769,180				1,769,180
Claims payments reporting year			−863,108				−863,108
Change in claims previous years			−46,449				−46,449
Claims payments previous years			−744,127				−744,127
At 31 December 2018	**592,185**	**12,301**	**2,599,264**	**29,251**	**1,319**	**11,843**	**3,246,163**
Health insurance							
At 1 January 2018	**10,727**	**2,799,040**	**165,494**	**11,580**	**51,545**	**657**	**3,039,042**
Foreign exchange differences	−200	−105	81	−12	0	−2	−238
Portfolio changes	492		97			−158	431
Additions		133,208		10,571	20,000	218	163,997
Disposals		−23		−9,056	−20,651		−29,730
Premiums written	1,086,444						1,086,444
Premiums earned	−1,084,569						−1,084,569
Claims reporting year			741,200				741,200
Claims payments reporting year			−571,444				−571,444
Change in claims previous years			−8,868				−8,868
Claims payments previous years			−143,344				−143,344
At 31 December 2018	**12,894**	**2,932,119**	**183,216**	**13,082**	**50,894**	**715**	**3,192,921**
Life insurance							
At 1 January 2018		**10,207,610**	**169,477**	**4,829**	**843,708**	**4,655**	**11,230,279**
Foreign exchange differences		−14,236	−1,063	−14	−776	−98	−16,187
Portfolio changes		50,017	−422		−3,307	−102	46,186
Additions		147,563		164	26,881	1,397	176,006
Disposals		−411,471		−49	−158,687	−495	−570,701
Claims reporting year			1,224,385				1,224,385
Claims payments reporting year			−1,044,615				−1,044,615
Change in claims previous years			11,324				11,324
Claims payments previous years			−159,402				−159,402
At 31 December 2018		**9,979,484**	**199,684**	**4,931**	**707,819**	**5,357**	**10,897,274**
Total							
At 1 January 2018	**574,242**	**13,019,200**	**2,827,337**	**44,650**	**897,024**	**19,620**	**17,382,072**
Foreign exchange differences	−3,699	−14,724	−8,772	−78	−775	−175	−28,224
Portfolio changes	−24	50,017	−1,133		−3,307	−2,529	43,025
Additions		281,090		11,921	47,382	4,630	345,023
Disposals		−411,679		−9,230	−180,291	−3,631	−604,831
Premiums written	3,860,879						3,860,879
Premiums earned	−3,826,319						−3,826,319
Claims reporting year			3,734,766				3,734,766
Claims payments reporting year			−2,479,167				−2,479,167
Change in claims previous years			−43,993				−43,993
Claims payments previous years			−1,046,874				−1,046,874
At 31 December 2018	**605,079**	**12,923,904**	**2,982,164**	**47,264**	**760,032**	**17,915**	**17,336,358**

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 2018	**25,903**	**12**	**145,312**			**1,791**	**173,019**
Foreign exchange differences	223	0	173			–22	374
Portfolio changes	17		–856				–839
Additions		10				831	841
Premiums written	157,498						157,498
Premiums earned	–156,085						–156,085
Claims reporting year			142,869				142,869
Claims payments reporting year			–18,784				–18,784
Change in claims previous years			–699				–699
Claims payments previous years			–22,587				–22,587
At 31 December 2018	**27,557**	**22**	**245,429**			**2,600**	**275,608**
Health insurance							
At 1 January 2018	**200**	**1,159**	**31**				**1,391**
Foreign exchange differences	3	–68	–2				–67
Portfolio changes	466	–457	456				464
Additions						4	4
Disposals		–68					–68
Premiums written	3,611						3,611
Premiums earned	–3,656						–3,656
Claims reporting year			789				789
Claims payments reporting year			–391				–391
Change in claims previous years			872				872
Claims payments previous years			–891				–891
At 31 December 2018	**624**	**566**	**863**			**4**	**2,057**
Life insurance							
At 1 January 2018		**136,223**	**5,477**			**17**	**141,716**
Foreign exchange differences		–85	–18				–104
Portfolio changes		–192	–1				–193
Additions		237				0	238
Disposals		–5,593					–5,593
Claims reporting year			22,023				22,023
Claims payments reporting year			–19,685				–19,685
Change in claims previous years			2,463				2,463
Claims payments previous years			–5,169				–5,169
At 31 December 2018		**130,590**	**5,089**			**17**	**135,696**
Total							
At 1 January 2018	**26,103**	**137,394**	**150,820**			**1,808**	**316,126**
Foreign exchange differences	227	–154	153			–22	204
Portfolio changes	483	–649	–401				–567
Additions		248				835	1,083
Disposals		–5,661					–5,661
Premiums written	161,109						161,109
Premiums earned	–159,741						–159,741
Claims reporting year			165,681				165,681
Claims payments reporting year			–38,860				–38,860
Change in claims previous years			2,637				2,637
Claims payments previous years			–28,647				–28,647
At 31 December 2018	**28,181**	**131,178**	**251,381**			**2,621**	**413,361**

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 2018	**537,612**	**12,538**	**2,347,053**	**28,242**	**1,771**	**12,516**	**2,939,732**
Foreign exchange differences	−3,722	−382	−7,964	−52	1	−53	−12,173
Portfolio changes	−532		48			−2,269	−2,753
Additions		308		1,186	501	2,184	4,179
Disposals		−185		−124	−954	−3,136	−4,399
Premiums written	2,616,937						2,616,937
Premiums earned	−2,585,666						−2,585,666
Claims reporting year			1,626,311				1,626,311
Claims payments reporting year			−844,324				−844,324
Change in claims previous years			−45,750				−45,750
Claims payments previous years			−721,540				−721,540
At 31 December 2018	**564,628**	**12,279**	**2,353,835**	**29,251**	**1,319**	**9,243**	**2,970,555**
Health insurance							
At 1 January 2018	**10,526**	**2,797,881**	**165,463**	**11,580**	**51,545**	**657**	**3,037,651**
Foreign exchange differences	−203	−37	83	−12	0	−2	−172
Portfolio changes	26	457	−359			−158	−34
Additions		133,208		10,571	20,000	214	163,993
Disposals		45		−9,056	−20,651		−29,662
Premiums written	1,082,834						1,082,834
Premiums earned	−1,080,912						−1,080,912
Claims reporting year			740,411				740,411
Claims payments reporting year			−571,052				−571,052
Change in claims previous years			−9,741				−9,741
Claims payments previous years			−142,453				−142,453
At 31 December 2018	**12,270**	**2,931,554**	**182,353**	**13,082**	**50,894**	**711**	**3,190,864**
Life insurance							
At 1 January 2018		**10,071,387**	**164,000**	**4,829**	**843,708**	**4,638**	**11,088,563**
Foreign exchange differences		−14,151	−1,045	−14	−776	−98	−16,083
Portfolio changes		50,209	−421		−3,307	−102	46,379
Additions		147,326		164	26,881	1,396	175,768
Disposals		−405,878		−49	−158,687	−495	−565,108
Claims reporting year			1,202,363				1,202,363
Claims payments reporting year			−1,024,930				−1,024,930
Change in claims previous years			8,861				8,861
Claims payments previous years			−154,234				−154,234
At 31 December 2018		**9,848,894**	**194,595**	**4,931**	**707,819**	**5,340**	**10,761,578**
Total							
At 1 January 2018	**548,138**	**12,881,806**	**2,676,517**	**44,650**	**897,024**	**17,812**	**17,065,946**
Foreign exchange differences	−3,926	−14,570	−8,925	−78	−775	−153	−28,428
Portfolio changes	−507	50,666	−731		−3,307	−2,529	43,593
Additions		280,842		11,921	47,382	3,795	343,940
Disposals		−406,018		−9,230	−180,291	−3,631	−599,169
Premiums written	3,699,770						3,699,770
Premiums earned	−3,666,578						−3,666,578
Claims reporting year			3,569,085				3,569,085
Claims payments reporting year			−2,440,306				−2,440,306
Change in claims previous years			−46,630				−46,630
Claims payments previous years			−1,018,226				−1,018,226
At 31 December 2018	**576,898**	**12,792,727**	**2,730,783**	**47,264**	**760,032**	**15,294**	**16,922,997**

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 adjusted		**10,774,952**	**139,844**	**3,923**	**953,228**	**4,795**	**11,876,742**
Foreign exchange differences		−1,798	298	−1	368	0	−1,132
Portfolio changes		22,454	−103		−7,109		15,242
Additions		160,605		907	5,353	1,002	167,867
Disposals		−748,603			−108,132	−1,142	−857,877
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 adjusted		**10,207,610**	**169,477**	**4,829**	**843,708**	**4,655**	**11,230,279**
Total							
At 1 January 2017 adjusted	**549,482**	**13,447,291**	**2,585,547**	**41,422**	**999,247**	**20,452**	**17,643,442**
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	32,083	2,273	342,904
Disposals		−748,720		−9,089	−127,612	−3,479	−888,900
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 adjusted	**574,242**	**13,019,200**	**2,827,337**	**44,650**	**897,024**	**19,620**	**17,382,072**

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**	**142,564**	**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**	**2,708,365**
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**	**2,939,732**
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
Portfolio changes	7	3,582	1,265				4,855
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 adjusted		**10,633,396**	**135,055**	**3,923**	**953,228**	**4,974**	**11,730,576**
Foreign exchange differences		−1,760	276	−1	368	0	−1,117
Portfolio changes		24,767	−103		−7,109		17,555
Additions		160,353		907	5,353	807	167,419
Disposals		−745,369			−108,132	−1,142	−854,643
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 adjusted		**10,071,387**	**164,000**	**4,829**	**843,708**	**4,638**	**11,088,563**
Total							
At 1 January 2017 adjusted	**526,180**	**13,304,728**	**2,428,950**	**41,422**	**999,247**	**18,472**	**17,318,999**
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	32,083	2,078	342,195
Disposals		−745,409		−9,089	−127,612	−3,113	−885,224
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 adjusted	**548,138**	**12,881,806**	**2,676,517**	**44,650**	**897,024**	**17,812**	**17,065,946**

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

In per cent

	Health insurance	Life insurance
2018		
For insurance provision	1.50 – 5.50	0.00 – 4.00
For deferred acquisition costs	1.50 – 5.50	2.39 – 2.59
2017		
For insurance provision	1.50 – 5.50	0.00 – 4.00
For deferred acquisition costs	1.50 – 5.50	2.49 – 2.54

Development of the provision for deferred profit participation

In € thousand

	31/12/2018	31/12/2017 adjusted
At 1 January	771,927	871,730
Fluctuation in value, available-for-sale securities	–132,275	–317,334
Revaluations through profit or loss	6,284	217,532
At 31 December	645,937	771,927

Claims payments

In € thousand

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Financial year	680,427	751,599	773,996	714,267	778,329	798,573	729,222	734,691	746,846	814,664	844,675	
1 year later	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	1,233,210		
2 years later	1,108,613	1,228,232	1,229,475	1,177,160	1,255,972	1,285,030	1,204,327	1,202,760	1,231,387			
3 years later	1,152,195	1,286,633	1,276,504	1,225,202	1,308,792	1,334,305	1,251,179	1,251,488				
4 years later	1,178,204	1,311,375	1,300,643	1,251,970	1,339,606	1,362,980	1,278,898					
5 years later	1,197,413	1,327,499	1,318,705	1,266,660	1,358,361	1,380,369						
6 years later	1,208,719	1,341,509	1,329,655	1,278,874	1,372,186							
7 years later	1,219,432	1,350,716	1,338,526	1,289,116								
8 years later	1,228,579	1,358,874	1,346,403									
9 years later	1,233,379	1,366,121										
10 years later	1,238,936											

Cumulated payments and provision for unsettled claims

In € thousand

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Financial year	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	1,719,067	
1 year later	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	1,606,939		
2 years later	1,272,176	1,410,426	1,404,598	1,350,674	1,449,431	1,495,723	1,437,879	1,429,766	1,479,026			
3 years later	1,271,441	1,407,144	1,392,071	1,353,309	1,454,301	1,489,480	1,413,637	1,417,989				
4 years later	1,269,188	1,401,274	1,394,923	1,353,437	1,447,394	1,474,842	1,399,226					
5 years later	1,266,219	1,402,704	1,401,018	1,351,386	1,447,991	1,470,199						
6 years later	1,272,535	1,405,034	1,399,677	1,349,836	1,449,843							
7 years later	1,276,077	1,411,355	1,397,935	1,346,159								
8 years later	1,282,654	1,412,051	1,395,533									
9 years later	1,282,802	1,420,703										
10 years later	1,279,631											
Settlement gains/losses	3,171	–8,652	2,403	3,678	–1,851	4,643	14,412	11,777	16,889	8,227		54,695
Settlement gains/losses before 2008												310
Total settlement gains/losses												**55,005**
Provision for unsettled claims for accident years before 2008												
Provision for unsettled claims	40,695	54,582	49,129	57,043	77,657	89,830	120,328	166,501	247,638	373,729	874,391	2,151,525
												268,186
Plus other reserve components (components not in triangle, internal claims regulation costs, etc.)												179,553
Provisions for unsettled claims (gross at 31 December 2018)												**2,599,264**

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

	31/12/2018	31/12/2017
Gross	4,721,904	5,019,325
Reinsurers' share	–101	–291,958
Total	**4,721,803**	**4,727,367**

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

	1–12/2018	1–12/2017
Premiums written - gross	**4,988,955**	**4,811,666**
Premiums written - reinsurer's share	–191,957	–179,825
Premiums written - net	**4,796,998**	**4,631,841**
Change in premiums earned - gross	–38,876	–5,555
Change in premiums earned - reinsurers' share	2,623	1,647
Premiums earned	**4,760,744**	**4,627,933**

Direct insurance

In € thousand

	1–12/2018	1–12/2017
Property and casualty insurance	2,731,141	2,581,219
Health insurance	1,081,893	1,041,936
Life insurance	1,119,394	1,118,276
Total	**4,932,428**	**4,741,430**
Of which:		
Austria	3,503,782	3,415,559
remaining EU member states and other states which are party to the Agreement on the European Economic Area	1,087,462	1,022,936
other countries	341,184	302,935
Total	**4,932,428**	**4,741,430**

Indirect insurance

In € thousand

	1–12/2018	1–12/2017
Property and casualty insurance	43,294	58,480
Health insurance	4,551	28
Life insurance	8,682	11,728
Total	**56,527**	**70,236**

Property and casualty insurance premiums written

In € thousand

	1–12/2018	1–12/2017
Direct insurance		
Fire and business interruption insurance	254,239	245,056
Liability insurance	255,031	242,206
Household insurance	191,159	187,059
Motor TPL insurance	600,528	582,418
Legal expense insurance	91,288	88,402
Marine, aviation and transport insurance	66,412	55,488
Other motor insurance	549,919	511,503
Other property insurance	272,899	243,505
Other forms of insurance	74,762	69,375
Casualty insurance	374,904	356,207
Total	**2,731,141**	**2,581,219**
Indirect insurance		
Fire and business interruption insurance	25,860	29,949
Motor TPL insurance	5,408	14,858
Other forms of insurance	12,026	13,673
Total	**43,294**	**58,480**
Total direct and indirect insurance (amount consolidated)	**2,774,435**	**2,639,699**

Reinsurance premiums ceded

In € thousand

	1–12/2018	1–12/2017
Property and casualty insurance	157,498	143,175
Health insurance	3,611	1,116
Life insurance	30,848	35,534
Total	**191,957**	**179,825**

Premiums earned

In € thousand

	1–12/2018	1–12/2017
Property and casualty insurance	**2,584,079**	**2,495,084**
Gross	2,738,915	2,636,698
Reinsurers' share	–154,836	–141,614
Health insurance	**1,080,339**	**1,038,875**
Gross	1,083,991	1,039,900
Reinsurers' share	–3,651	–1,025
Life insurance	**1,096,326**	**1,093,974**
Gross	1,127,174	1,129,513
Reinsurers' share	–30,848	–35,539
Total	**4,760,744**	**4,627,933**

Premiums earned – indirect insurance

In € thousand

	1–12/2018	1–12/2017
Recognised simultaneously	15,016	19,521
Recognised with a delay of up to 1 year	–1,233	–7,481
Posted after more than 1 year	462	–184
Property and casualty insurance	**14,245**	**11,856**
Recognised simultaneously	2,283	0
Recognised with a delay of up to 1 year	2,269	–48
Health insurance	**4,551**	**–48**
Recognised simultaneously	–9,334	2,790
Recognised with a delay of up to 1 year	–3,417	8,618
Life insurance	**–12,751**	**11,407**
Total	**6,045**	**23,215**

Earnings – indirect insurance

In € thousand

	1–12/2018	1–12/2017
Property and casualty insurance	–23,163	73,576
Health insurance	661	–1,019
Life insurance	4,903	7,223
Total	**–17,600**	**79,781**

8. Insurance benefits

In € thousand	Gross 1–12/2018	Gross 1–12/2017 adjusted	Reinsurers' share 1–12/2018	Reinsurers' share 1–12/2017	Net 1–12/2018	Net 1–12/2017 adjusted
Property and casualty insurance						
Claims expenses						
Claims paid	1,675,648	1,567,200	–41,371	–40,848	1,634,277	1,526,352
Change in provision for unsettled claims	115,482	71,257	–100,800	7,715	14,682	78,972
Total	**1,791,129**	**1,638,456**	**–142,171**	**–33,133**	**1,648,959**	**1,605,323**
Change in insurance provision	134	318	–10	1	123	318
Change in other technical provisions	–3,035	–396	0	0	–3,035	–396
Non-profit related and profit-related premium refund expenses	44,026	39,592	0	0	44,026	39,592
Total benefits	**1,832,254**	**1,677,970**	**–142,181**	**–33,132**	**1,690,073**	**1,644,837**
Health insurance						
Claims expenses						
Claims paid	721,151	700,202	–1,283	–2,490	719,869	697,711
Change in provision for unsettled claims	17,584	6,597	–378	550	17,206	7,148
Total	**738,735**	**706,799**	**–1,661**	**–1,940**	**737,074**	**704,859**
Change in insurance provision	133,192	136,173	68	–199	133,260	135,974
Change in other technical provisions	–9	4	0	0	–9	4
Non-profit related and profit-related premium refund expenses	30,524	36,774	0	0	30,524	36,774
Total benefits	**902,442**	**879,750**	**–1,593**	**–2,139**	**900,849**	**877,611**
Life insurance						
Claims expenses						
Claims paid	1,211,405	1,617,125	–24,854	–25,075	1,186,551	1,592,050
Change in provision for unsettled claims	31,699	29,858	368	–671	32,067	29,187
Total	**1,243,104**	**1,646,983**	**–24,485**	**–25,746**	**1,218,618**	**1,621,237**
Change in insurance provision	–215,945	–633,129	1,813	–3,110	–214,132	–636,238
Change in other technical provisions	0	0	0	–200	0	–200
Non-profit related and profit-related premium refund expenses and/or (deferred) benefit participation expenses	31,234	40,163	0	0	31,234	40,163
Total benefits	**1,058,393**	**1,054,017**	**–22,673**	**–29,056**	**1,035,721**	**1,024,962**
Total	**3,793,089**	**3,611,736**	**–166,447**	**–64,327**	**3,626,642**	**3,547,410**

9. Operating expenses

In € thousand

	1–12/2018	1–12/2017
Property and casualty insurance		
Acquisition costs		
Payments	589,686	565,827
Change in deferred acquisition costs	–13,515	8,706
Other operating expenses	246,931	225,164
Reinsurance commission and share of profit from reinsurance ceded	–12,123	–11,222
	810,980	**788,475**
Health insurance		
Acquisition costs		
Payments	109,335	101,929
Change in deferred acquisition costs	–11,431	–12,165
Other operating expenses	86,522	78,690
Reinsurance commission and share of profit from reinsurance ceded	–570	–457
	183,856	**167,998**
Life insurance		
Acquisition costs		
Payments	166,617	195,140
Change in deferred acquisition costs	24,853	19,204
Other operating expenses	129,253	116,444
Reinsurance commission and share of profit from reinsurance ceded	–906	–11,286
	319,817	**319,501**
Total	**1,314,653**	**1,275,974**

Other non-current assets

10. Property, plant and equipment

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

Gains on 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 5 to 80 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 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	–13,044	–14,798
Reclassifications	70,545	–2,621	67,924
At 31 December 2017	**351,953**	**226,985**	**578,938**
At 1 January 2018	**351,953**	**226,985**	**578,938**
Currency translation	–1,250	–150	–1,401
Additions	3,838	28,712	32,550
Disposals	–2,791	–14,585	–17,376
Reclassifications	2,811	–1,084	1,726
At 31 December 2018	**354,560**	**239,877**	**594,437**

Accumulated depreciation and impairment losses
In € thousand

	Land and buildings for own use	Other property, plant and equipment	Total
At 1 January 2017	**–80,458**	**–155,621**	**–236,080**
Currency translation	–591	112	–478
Additions from depreciation	–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**
At 1 January 2018	**–108,553**	**–159,775**	**–268,327**
Currency translation	395	20	415
Additions from depreciation	–10,723	–16,182	–26,904
Additions from impairment	–158	0	–158
Disposals	1,990	11,414	13,403
Reclassifications	–1,939	127	–1,812
Reversal of impairment	0	8	8
At 31 December 2018	**–118,987**	**–164,388**	**–283,375**

Carrying amounts
In € thousand

	Land and buildings for own use	Other property, plant and equipment	Total
At 1 January 2017	**197,995**	**67,224**	**265,219**
At 31 December 2017	**243,400**	**67,210**	**310,610**
At 31 December 2018	**235,573**	**75,489**	**311,062**

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 2017	**202,266**	**30,208**	**168,277**	**400,751**
At 31 December 2018	**205,776**	**30,386**	**165,722**	**401,884**

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.

Insurance contract portfolio

Values of life, property and casualty insurance policies relate to expected future margins from purchased operations. They 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

For the purpose of the impairment test, UNIQA has allocated the goodwill to cash-generating units (CGUs). 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. 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 2018. 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 North Macedonia were combined as one CGU due to their similar development and organisational connection:

- UNIQA Austria
- UNIQA Re
- Albania/Kosovo/North 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

	31/12/2018	31/12/2017
Albania/Kosovo/North Macedonia as subgroup of the "SIGAL Group"	22,863	21,307
Bulgaria	55,812	55,812
Poland	27,638	28,461
Romania	100,983	101,092
Serbia	19,898	19,918
Czech Republic	8,244	8,305
Hungary	16,660	17,232
UNIQA Austria	37,737	37,737
Other	5,677	5,720
Total	**295,513**	**295,584**

Determining the capitalisation rate
The assumptions with regard to risk-free interest rate, market risk premium and business line betas made for determining the capitalisation rate are consistent with the parameters used in the UNIQA planning and controlling process. They 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 insurance 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 determination of the market risk premium was adjusted according to the recommendation of the Chamber of Tax Consultants and Auditors. It was derived from a dividend discount model. The necessary market data is retrieved from Bloomberg. The growth factor is derived in the same manner as the growth in the profit from ordinary activities in the impairment test.

An additional country risk premium was defined in accordance with Professor Damodaran's models (NYU Stern). The basic principles for calculation of the country risk premium in accordance with the Damodaran method are as follows: the spread of credit default swap spreads in a rating class of "risk-free" US government bonds is determined starting from the rating of the country concerned (Moody's). Then the spread is 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 business line, 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 2 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 2018

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	15.1	15.6	15.0	15.5	6.6
Bulgaria	10.5	11.0	9.8	10.3	5.8
Croatia	11.4	11.9	10.7	11.2	5.4
Liechtenstein	7.2	7.7	6.6	7.1	1.0
Montenegro	14.3	14.7	12.9	13.3	6.1
Austria	8.6	9.1	8.6	9.1	1.0
Poland	9.4	9.8	9.0	9.4	4.8
Romania	12.8	13.3	11.1	11.6	5.8
Russia	12.7	13.1	12.4	12.8	6.7
Switzerland	7.2	7.7	6.5	7.0	1.0
Serbia	13.1	13.6	12.6	13.1	6.4
Albania/Kosovo/North Macedonia as subgroup of the "SIGAL Group"[1)]	12.1 – 13.6	12.6 – 14.0	11.6 – 13.7	12.1 – 14.1	6.4 – 7.0
Slovakia	9.2	9.6	9.2	9.6	4.6
Czech Republic	9.0	9.5	8.3	8.8	4.4
Ukraine	27.8	28.2	20.9	21.3	7.7
Hungary	11.7	12.2	11.0	11.5	5.3

[1)] 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 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/North Macedonia as subgroup of the "SIGAL Group"[1)]	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

[1)] 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 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 or a change in the underlying cash flow by 5 per cent for Bosnia and for Montenegro, 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 change to the underlying cash flows by –10 per cent, there will also be a risk in Romania of a convergence or a value in use that is lower than the carrying amount.

There was an impairment amounting to €35 thousand in the financial year on account of the assumed development of cash flows for the CGU of Bosnia.

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 this will result in a future economic benefit.

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 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**
At 1 January 2018	**1,133,156**	**112,903**	**377,814**	**244,870**	**1,868,743**
Currency translation	–3,307	–7	–36	–1,115	–4,465
Additions	0	0	0	90,726	90,726
Disposals	0	0	0	–4,954	–4,954
Interest capitalised	2,922	0	0	0	2,922
Capitalisation	189,880	0	0	0	189,880
Amortisation	–170,555	0	0	0	–170,555
At 31 December 2018	**1,152,095**	**112,896**	**377,779**	**329,526**	**1,972,295**

Accumulated amortisation and impairment losses

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
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**
At 1 January 2018		**−99,591**	**−82,230**	**−157,374**	**−339,195**
Currency translation		24	0	788	812
Additions from amortisation		−2,639	−35	−12,668	−15,342
Disposals		0	0	314	314
At 31 December 2018		**−102,206**	**−82,265**	**−168,939**	**−353,410**

Carrying amounts

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
At 1 January 2017	**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**
At 31 December 2018	**1,152,095**	**10,690**	**295,513**	**160,587**	**1,618,885**

Other intangible assets mainly comprise software.

Other current assets

12. Receivables, including insurance receivables

In € thousand

	31/12/2018	31/12/2017 adjusted
Reinsurance receivables		
Receivables from reinsurance business	32,179	35,605
	32,179	**35,605**
Insurance receivables		
from policyholders	231,222	219,665
from insurance intermediaries	20,455	20,171
from insurance companies	7,968	11,112
	259,645	**250,948**
Other receivables		
Receivables from services	53,587	50,655
Receivables from investment transactions	0	45,427
Other tax refund claims	19,108	17,155
Remaining receivables	132,398	57,255
	205,092	**170,491**
Subtotal	**496,916**	**457,043**
of which receivables with a remaining maturity of		
up to 1 year	494,462	453,422
more than 1 year	2,455	3,621
	496,916	**457,043**
of which receivables with values not yet impaired		
up to 3 months overdue	11,792	13,481
more than 3 months overdue	8,971	10,209
Other assets	**43,793**	**37,365**
Total receivables including insurance receivables	**540,709**	**494,409**

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.

Impairments

In € thousand

	Reinsurance receivables		Insurance receivables[1)]		Other receivables	
	2018	2017	2018	2017	2018	2017
At 1 January	–525	–243	–18,858	–20,532	–7,942	–16,273
Allocation	–1,804	–500	–4,078	–5,280	–829	–761
Use	0	220	1,239	3,974	439	95
Reversal	0	0	3,943	3,149	1,816	8,529
Currency translation	0	–1	567	–168	–178	468
At 31 December	**–2,329**	**–525**	**–17,187**	**–18,858**	**–6,694**	**–7,942**

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

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

13. Cash and cash equivalents

In € thousand	31/12/2018	31/12/2017
Cash collateral in connection with securities lending transactions	772,196	0
Current bank balances, cheques and cash-in-hand	672,195	650,307
Total	**1,444,391**	**650,307**

Cash and cash equivalents are measured at the exchange rate in effect on the reporting date. The item "Cash and cash equivalents" in the consolidated statement of cash flows corresponds to the item with the same name in the consolidated statement of financial position.

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 allocated to goodwill and then to the remaining assets and liabilities on a proportional basis. No loss is allocated 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. Investments recognised using the equity method are no longer equity-accounted.

On 16 May 2017, the sale of the 99.7 per cent holding in the Group company UNIQA Assicurazioni S.p.A. (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.

Following the closing of the sale of Medial Beteiligungs-Gesellschaft m.b.H on 15 January 2018, the items previously reported under assets in disposal groups held for sale were derecognised. The carrying amount of investments accounted for using the equity method as at 31 December 2017 amounted to €9,289 thousand.

Since the third quarter of 2018, sales talks have been held on the sale of 19 commercial properties. This is a portfolio of specialist stores and shopping centres in Austria. These have therefore been reported under assets in disposal groups held for sale (health and life business). As at 31 December 2018, there are still eight properties with a carrying amount of €28,976 thousand in the portfolio (in life business), the deferred tax liabilities amount to €1,088 thousand.

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.

Due to contractual arrangements with the purchaser in the course of the sale of the Italian Group, UNIQA only has a right to the profit of the first quarter of 2017.

In € thousand

	1–12/2018	1–12/2017
Premiums earned (net)	0.0	349,438
Technical interest income	0.0	23,385
Other insurance income	0.0	363
Insurance benefits	0.0	–337,582
Operating expenses	0.0	–28,678
Other technical expenses	0.0	–1,988
Technical result	**0.0**	**4,938**
Net investment income	0.0	20,293
Other income	0.0	2,179
Reclassification of technical interest income	0.0	–23,385
Other expenses	0.0	–687
Non-technical result	**0.0**	**–1,601**
Operating profit/(loss)	**0.0**	**3,338**
Impairment losses	0.0	–240
Earnings before taxes	**0.0**	**3,097**
Income taxes	0.0	–356
Current profit/(loss) from discontinued operations (after tax)	**0.0**	**2,742**
Profit/(loss) from deconsolidation	0.0	–34,940
Disposal costs	0.0	–860
Profit/(loss) from discontinued operations (after tax)	**0.0**	**–33,059**
of which attributable to shareholders of UNIQA Insurance Group AG	0.0	–32,971
of which attributable to non-controlling interests	0.0	–88

Taxes

15. Deferred taxes

At 31 December 2018 UNIQA had deferred tax assets amounting to €153,059 thousand (2017: €172,783 thousand). 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 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 (2017: between 5 and 25 per cent). Changes in tax rates in effect at 31 December 2018 are taken into account.

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

	31/12/2018	31/12/2017 adjusted
Deferred tax assets (gross)		
Technical items	54,249	48,526
Investments	26,678	44,409
Actuarial gains and losses on defined benefit obligations	45,316	56,151
Loss carried forward	14,043	14,428
Other items	12,773	9,269
Total	**153,059**	**172,783**
Deferred tax liabilities (gross)		
Technical items	–298,358	–278,243
Investments	–60,737	–136,949
Actuarial gains and losses on defined benefit obligations	–1	–246
Other items	–43,203	–44,747
Total	**–402,300**	**–460,186**
Net deferred tax	**–249,241**	**–287,403**

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

Net deferred tax

In € thousand

At 1 January 2017 adjusted	**–274,046**
Changes recognised in profit/(loss)	–26,930
Changes recognised in other comprehensive income	25,046
Changes due to changes in basis of consolidation	–10,788
Foreign exchange differences	–685
At 31 December 2017 adjusted	**–287,403**
At 1 January 2018	**–287,403**
Changes recognised in profit/(loss)	–27,324
Changes recognised in other comprehensive income	63,957
Reclassifications held for sale	1,088
Foreign exchange differences	441
At 31 December 2018	**–249,241**

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

The deferred tax assets stated include €14,043 thousand (2017: €14,428 thousand) attributable to tax loss carryforwards. Deferred tax assets from loss carryforwards in the amount of €11,922 thousand (2017: €24,808 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

	31/12/2018	31/12/2017
Up to 1 year	4,784	1,434
2 to 5 years	13,275	63,757
More than 5 years	136,578	174,365
Total	**154,637**	**239,556**

16. Income taxes

Income tax

In € thousand

	1–12/2018	1–12/2017 adjusted
Actual tax – reporting year	11,059	12,233
Actual tax – previous year	21,087	7,886
Deferred tax	27,324	27,043
Total	**59,470**	**47,162**

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 different calculated income tax rate.

Reconciliation statement

in € thousand

	1–12/2018	1–12/2017 adjusted
Earnings before taxes	**294,618**	**264,631**
Expected tax expenses[1]	**73,655**	**66,158**
Adjusted by tax effects from		
Tax-free investment income	–17,807	–14,351
Amortisation of goodwill and impairment losses	–35	0
Tax-neutral consolidation effect	–81	–1,022
Other non-deductible expenses/other tax-exempt income	2,749	11,642
Changes in tax rates	0	107
Deviations in tax rates	–12,329	–7,680
Taxes for previous years	21,758	–7,239
Lapse of loss carried forward and other	–8,439	–452
Income tax expenses	**59,470**	**47,162**
Average effective tax burden In per cent	**20.2**	**17.8**

[1] Earnings before taxes multiplied by the corporate income tax rate

Group taxation

UNIQA exercises in Austria the option of forming a group of companies for tax purposes; 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 using the projected unit credit (PUC) method. If the calculation results in a potential asset, 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. The discount rate was 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 dismissed.

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 2018	**503,814**	**−84,175**	**419,639**	**167,998**	**587,637**
Current service costs	16,466	0	16,466	4,661	21,126
Interest expense/income	7,489	−1,203	6,285	1,378	7,663
Past service costs	−9,267	0	−9,267	0	−9,267
Components of defined benefit obligations recognised in the income statement	**14,687**	**−1,203**	**13,483**	**6,038**	**19,522**
Return on plan assets recognised in other comprehensive income	0	6,612	6,612	78	6,689
Actuarial gains and losses that arise from changes in demographic assumptions	24,532	0	24,532	220	24,752
Actuarial gains and losses that arise from changes in financial assumptions	−11,473	0	−11,473	−3,352	−14,825
Actuarial gains and losses that arise from experience adjustments	4,052	0	4,052	−506	3,546
Other comprehensive income	**17,110**	**6,612**	**23,722**	**−3,561**	**20,161**
Changes from currency translation	−14	0	−14	0	−14
Payments	−88,160	0	−88,160	−26,659	−114,819
Contribution to plan assets	0	−19,429	−19,429	−135	−19,563
Transfer in	2,446	0	2,446	5	2,452
Transfer out	−9,900	8,093	−1,807	0	−1,807
At 31 December 2018	**439,983**	**−90,102**	**349,881**	**143,687**	**493,568**

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**

Expenses for defined benefit obligations attributable to members of the Management Board and executives amounted to €3,259 thousand (2017: €4,123 thousand).

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

In per cent	31/12/2018 Listed	31/12/2018 Unlisted	31/12/2017 Listed	31/12/2017 Unlisted
Bonds – euro	13.4	0.0	16.7	0.1
Bonds – euro high yield	0.6	0.0	5.1	0.0
Corporate bonds – euro	20.2	0.0	13.6	0.1
Equities – euro	4.6	0.0	9.6	0.0
Equities – non-euro	4.0	0.0	8.7	0.0
Equities – emerging markets	4.0	0.0	7.9	0.0
Alternative investment instruments	0.5	2.7	1.0	2.1
Land and buildings	0.0	5.2	0.0	4.5
Cash	0.0	42.1	0.0	27.9
HTM bonds/term deposits	2.6	0.0	0.0	2.8
Total	**49.9**	**50.1**	**62.6**	**37.4**

Contributions to plan assets are expected for the coming year in the amount of €6,303 thousand.

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

Calculation factors applied

In per cent

	2018	2017
Discount rate		
Termination benefits	1.2	0.9
Pensions	1.7	1.5
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 2018 P – salaried employees	AVÖ 2008 P – Pagler & Pagler/ salaried employees

Weighted average duration in years

	Pensions	Termination benefits
31 December 2018	12.9	7.6
31 December 2017	13.5	7.7

The sensitivity of the defined benefit obligations on changes in the weighted actuarial calculation parameters is:

Sensitivity analysis

In per cent	Pensions 2018	Pensions 2017	Termination benefits 2018	Termination benefits 2017
Remaining life expectancy				
Change in DBO (+ 1 year)	3.4	2.5		
Change in DBO (–1 year)	–3.5	–2.7		
Discount rate				
Change in DBO (+ 1 percentage point)	–11.3	–11.2	–7.2	–7.4
Change in DBO (–1 percentage point)	13.9	13.8	8.2	8.4
Future salary increase rate				
Change in DBO (+ 0.75%)	1.5	2.2	5.9	6.0
Change in DBO (–0.75%)	–1.5	–2.1	–5.4	–5.6
Future pension increase rate				
Change in DBO (+ 0.25%)	3.3	3.3		
Change in DBO (–0.25%)	–3.2	–3.1		

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 €3,318 thousand (2017: €2,210 thousand). The employer has satisfied their obligation by making these contributions.

19. Employees

Personnel expenses

In € thousand

	1–12/2018	1–12/2017
Salaries	424,290	412,124
Expenses for termination benefits	6,038	8,250
Pension expenses	13,483	26,030
Expenditure on mandatory social security contributions as well as income-based charges and compulsory contributions	121,413	111,615
Other social expenditures	7,131	7,634
Total	**572,356**	**565,653**
of which sales	118,949	124,251
of which administration	458,730	435,353
of which retirees	–5,323	6,049

Average number of employees

	31/12/2018	31/12/2017
Total	**12,818**	**12,839**
of which sales	4,271	4,456
of which administration	8,547	8,383

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.

A dividend of €0.51 per share was paid on 11 June 2018. This corresponds with a distribution amounting to €156,552 thousand. Subject to the approval of the Annual General Meeting, a dividend payment in the amount of €0.53 per share is planned for the financial year, which equates to a distribution in the amount of €162,692 thousand.

21. Treasury shares

Treasury shares

	31/12/2018	31/12/2017
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 28 May 2018, the Group Management Board was again authorised to acquire, with the approval of the Supervisory Board, treasury shares for a period of 30 months from 29 May 2018. The proportion of the share capital represented by newly acquired shares, together with the proportion of other treasury shares that the company has already acquired and still holds, may not exceed 10 per cent of the share capital. The authorisation to acquire treasury shares also includes the acquisition of shares in the company by subsidiaries of the company.

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.

22. 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 capital 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).

23. 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

	31/12/2018	31/12/2017
In valuation of financial instruments available for sale	–792	1,630
In actuarial gains and losses on defined benefit plans	–177	–728
In retained profit	16,770	16,453
In other equity	–1,364	74,033
Total	**14,438**	**91,388**

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

At 1 January 2017	**869,115**
Amortisation of transaction costs	316
Additions from accrued interests	22,991
Disposals from accrued interests	–23,073
At 31 December 2017	**869,349**
At 1 January 2018	**869,349**
Amortisation of transaction costs	335
Additions from accrued interests	23,139
Disposals from accrued interests	–22,991
At 31 December 2018	**869,832**

Maturity
In € thousand

	2018 long term	2018 short term	2017 long term	2017 short term
Subordinated liabilities	846,693	23,139	846,358	22,991

Contractual maturities at 31 December 2018
In € thousand

	Notional amount[1)]	Coupon payments	Total
2019		54,063	54,063
2020		54,063	54,063
2021		54,063	54,063
2022		54,063	54,063
2023	350,000	54,063	404,063
> 2024	500,000	90,000	590,000

Contractual maturities at 31 December 2017
In € thousand

	Notional amount[1)]	Coupon payments	Total
2018		54,109	54,109
2019		54,109	54,109
2020		54,109	54,109
2021		54,109	54,109
2022		54,109	54,109
> 2023	850,000	144,850	994,850

[1)] Contractual maturities based on the first possible termination date

Other current and non-current liabilities

24. Financial liabilities

Carrying amounts
In € thousand

	Liabilities from collateral received for securities lending	Liabilities from loans	Derivative financial instruments	Total
At 1 January 2017 adjusted	**0**	**14,968**	**32,830**	**47,798**
Additions	0	300	0	300
Disposals	0	0	–1,974	–1,974
Changes from currency translation	0	–1	22	21
Profit or loss from changes of exchange rates	0	0	–3,794	–3,794
Additions from accrued interests	0	0	1,706	1,706
Disposals from accrued interests	0	0	–2,275	–2,275
Ordinary amortisation	0	–1,431	0	–1,431
At 31 December 2017 adjusted	**0**	**13,837**	**26,514**	**40,352**
At 1 January 2018	**0**	**13,837**	**26,514**	**40,352**
Additions	772,196	0	324	772,520
Disposals	0	0	–12,010	–12,010
Changes from currency translation	0	0	–1	–1
Profit or loss from changes of exchange rates	0	0	–1,389	–1,389
Additions from accrued interests	0	0	1,612	1,612
Disposals from accrued interests	0	0	–1,706	–1,706
Ordinary amortisation	0	–894	0	–894
At 31 December 2018	**772,196**	**12,943**	**13,345**	**798,484**

Maturity
In € thousand

	2018 long term	2018 short term	2017 long term	2017 short term adjusted
Liabilities from collateral received for securities lending	0	772,196	0	0
Liabilities from loans	12,943	0	13,837	0
Derivative financial instruments	12,456	889	17,897	8,617
Total	**25,399**	**773,085**	**31,735**	**8,617**

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

Contractual maturities at 31 December 2018
In € thousand

	Liabilities from collateral received for securities lending	Liabilities from loans	Derivative financial instruments	Total
2019	772,196	936	803	773,934
2020	0	900	2,459	3,359
2021	0	11,107	0	11,107
2022	0	0	0	0
2023	0	0	0	0
> 2024	0	0	10,084	10,084

Contractual maturities at 31 December 2017 (adjusted)
In € thousand

	Liabilities from collateral received for securities lending	Liabilities from loans	Derivative financial instruments	Total
2018	0	930	8,617	9,547
2019	0	900	1,038	1,938
2020	0	900	556	1,456
2021	0	11,107	3,201	14,308
2022	0	0	4,342	4,342
> 2023	0	0	8,760	8,760

Changes in financial liabilities
In € thousand

	Subordinated liabilities	Financial liabilities	Changes in financial liabilities
At 1 January 2017 adjusted	**869,115**	**47,798**	**916,914**
Payments from other financing activities	0	–1,131	–1,131
Currency translation	0	21	21
Other changes	233	–6,337	–6,104
At 31 December 2017 adjusted	**869,349**	**40,352**	**909,700**
At 1 January 2018	**869,349**	**40,352**	**909,700**
Proceeds from other financing activities	0	772,196	772,196
Payments from other financing activities	0	–23,704	–23,704
Currency translation	0	–1	–1
Change in basis of consolidation	0	22,810	22,810
Other changes	483	–13,168	–12,685
At 31 December 2018	**869,832**	**798,484**	**1,668,316**

25. Liabilities and other items classified as liabilities

In € thousand

	31/12/2018	31/12/2017 adjusted
Reinsurance liabilities		
Deposits retained on assumed reinsurance	129,963	428,793
Reinsurance settlement liabilities	43,501	52,395
	173,464	**481,188**
Insurance liabilities		
to policyholders	165,610	129,505
to insurance brokers	49,565	45,701
to insurance companies	9,953	12,541
	225,129	**187,746**
Liabilities to credit institutions	**3,505**	**3,807**
Other liabilities		
Personnel-related obligations	102,688	81,708
Liabilities from services	38,338	35,366
Liabilities from investment contracts	56,446	60,470
Liabilities from investment transactions	0	25,738
Other tax liabilities (without income tax)	69,432	56,527
Other liabilities	121,319	77,850
	388,223	**337,659**
Subtotal	**790,321**	**1,010,401**
of which liabilities with a maturity of		
up to 1 year	758,923	641,017
more than 1 year and up to 5 years	10,045	18,768
more than 5 years	21,353	350,616
	790,321	**1,010,401**
Other debt	**16,889**	**16,652**
Total liabilities and other items classified as liabilities	**807,210**	**1,027,053**

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

Other non-technical income and expenses

26. Other income

In € thousand

	1–12/2018	1–12/2017
Property and casualty insurance	26,066	25,134
Health insurance	5,542	7,514
Life insurance	5,236	4,001
Of which:		
Services	11,079	13,766
Changes in exchange rates	15,307	10,966
Other	10,458	11,917
Total	**36,844**	**36,649**

27. Other expenses

In € thousand

	1–12/2018	1–12/2017
Property and casualty insurance	44,581	37,403
Health insurance	7,329	7,177
Life insurance	20,626	11,871
Of which:		
Services	20,703	17,742
Exchange rate losses	26,324	11,194
Other	25,508	27,515
Total	**72,536**	**56,451**

Other disclosures

28. 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.

29. 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 €3,356 thousand in the reporting year (2017: €2,790 thousand). Existing pension expenses for the members of the Management Board amounted to €669 thousand (2017: €677 thousand). The amount expended on pensions in the reporting year for former members of the Management Board and their survivors was €680 thousand (2017: €717 thousand).

The compensation to the members of the Supervisory Board for their work in the 2017 financial year was €482 thousand. Provisions of €739 thousand have been recognised for the remuneration to be paid for this work in 2018. The amount paid out in attendance fees and cash expenditures in the reporting year was €67 thousand (2017: €61 thousand).

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

For the 2018 financial year, payments (STI) are expected in the years 2019 and 2022 in the amount of €1,585 thousand.

30. Share-based payment agreement with cash settlement

In the 2013 financial year, UNIQA introduced a share-based remuneration programme for members of the Management Board of UNIQA Insurance Group AG 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 2018 a total of 1,103,954 virtual shares (2017: 1,071,669 shares) were relevant for the valuation. The fair value of share-based remuneration at the reporting date amounts to €6,690 thousand (2017: €5,731 thousand).

31. Relationships with related companies and persons

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

Related companies refer to companies which exercise either a controlling or a significant influence on UNIQA. The group of related companies also includes the non-consolidated subsidiaries, associates and joint ventures of UNIQA.

Related persons include the members of management holding key positions along with their close family members. This covers in particular the members of management in key positions at those companies which exercise either a controlling or a significant influence on the UNIQA Group, along with their close family members.

Transactions and balances 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 in 2018					
Premiums written (gross)	2,079	357	1,725	55,329	59,491
Income from investments	3,358	570	20,705	6,238	30,871
Expenses from investments	–1,047	0	0	–1,396	–2,444
Other income	117	6,687	1,944	330	9,078
Other expenses	–1	–7,831	–2,733	–23,031	–33,596
At 31 December 2018					
Investments	225,221	13,393	653,388	46,367	938,369
Cash and cash equivalents	1,160,656	0	0	152,130	1,312,786
Receivables, including insurance receivables	13	2,129	67	4,685	6,894
Financial liabilities	772,196	0	0	0	772,196
Liabilities and other items classified as liabilities	273	751	196	5,183	6,403

In € thousand

	Companies with significant influence on UNIQA Group	Affiliated but not consolidated companies	Associated companies of UNIQA Group	Other related parties	Total
Transactions in 2017					
Premiums written (gross)	3,238	386	859	57,498	61,982
Income from investments	1,636	1,100	13,805	4,255	20,796
Expenses from investments	–860	0	0	–2,814	–3,674
Other income	263	5,841	167	403	6,674
Other expenses	–802	–3,701	–2,848	–7,443	–14,794
At 31 December 2017					
Investments	230,649	5,452	535,754	40,300	812,155
Cash and cash equivalents	239,187	0	0	150,468	389,655
Receivables, including insurance receivables	156	2,135	55	5,499	7,845
Financial liabilities	0	0	0	0	0
Liabilities and other items classified as liabilities	0	530	233	3,241	4,004

Transactions with related persons

In € thousand

	1–12/2018	1–12/2017
Premiums written (gross)	505	386
Salaries and short-term benefits [1]	–4,711	–3,832
Pension expenses	–940	–951
Compensation on termination of employment contract	–151	–215
Expenditures for share-based payments	–1,112	–1,444
Other income	228	135

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

32. Other financial obligations and contingent liabilities

Leasing

In € thousand

	1–12/2018	1–12/2017
Current lease expenses	11,702	5,470
Future leasing rates		
up to 1 year	6,558	4,975
more than 1 year and up to 5 years	11,168	5,315
more than 5 years	2,910	0
Total	**20,636**	**10,290**

Options to purchase granted

There are bilateral option agreements in place between UNIQA and the two 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.

33. Expenses for the auditor of the financial statements

The auditor fees in the financial year were €1,530 thousand (2017: €1,652 thousand); of which €500 thousand (2017: €498 thousand) is attributable to the annual audit, €1,001 thousand (2017: €1.038 thousand) to other auditing services and €29 thousand (2017: €116 thousand) to other general services.

34. Basis of consolidation

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. Inclusion in the basis of consolidation is based on the proportionate equity (equity method).

Investment funds

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. A fund is regarded as controlled if:

- UNIQA determines the relevant activities of the fund, such as the definition of the investment strategy and short and medium-term investment decisions,
- UNIQA has the risk of and the rights to variable successes of the fund in the form of distributions and participates in the performance of the fund assets, and
- the determining power over the relevant activities is exercised in the interest of UNIQA by determining the investment objectives and the individual investment decisions.

Basis of consolidation	31/12/2018	31/12/2017
Consolidated companies		
Austria	34	35
Other countries	59	59
Associates		
Austria	5	6
Other countries	1	1
Consolidated investment funds		
Austria	6	6
Other countries	1	2

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".

35. 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 income and expenses from intragroup transactions are eliminated when consolidated financial statements are prepared.

Acquisitions

The acquisition of 100 per cent of shares in Software Park Kraków Sp. z o.o. (Warsaw, Poland) was completed in December 2018.

The company holds an office property in Warsaw. The acquisition represents a strategic expansion for the property portfolio. In accordance with IFRS 3, the acquisition of this holding is considered the acquisition of a business.

No profit contributions from the acquired company are stated in the profit/(loss) for the year.

If the acquisition had taken place on 1 January 2018, according to estimates of the Group Management Board the non-technical result would have amounted to €211,501 thousand and net profit would have been €236,736 thousand. In determining these amounts, the management assumed that the provisional fair value adjustments at the time of the acquisition would also have been valid in the event of an acquisition on 1 January 2018.

The consideration paid for the acquisition comprises exclusively cash and cash equivalents amounting to €8,427 thousand. The incidental costs incurred for this acquisition amounting to €260 thousand have been recognised under other operating expenses.

Receivables (trade receivables and other assets) acquired in the course of the acquisition have a fair value of €609 thousand. Based on the best possible estimate, there were no uncollectible receivables at the time of the acquisition.

Calculations based on the estimates show that no goodwill was generated with the acquisition of the Software Park Kraków Sp. z o.o. in Poland.

The consideration paid is offset by an acquired cash position of €1,894 thousand.

Assets and liabilities from business combinations at acquisition date

In € thousand

Assets	
Property, plant and equipment	32,509
Receivables, including insurance receivables	609
Cash and cash equivalents	1,894
Total assets	**35,013**
Liabilities	
Financial liabilities	22,810
Other provisions	267
Liabilities and other items classified as liabilities	3,688
Total liabilities	**26,764**

Restructuring processes

In September 2018, UNIQA Finanzbeteiligung GmbH (Vienna) was merged with UNIQA Österreich Versicherungen AG (Vienna) as the absorbing company.

Liquidation

ALBARAMA Limited Company (Nicosia, Cyprus) was liquidated in June 2018.

Sales

In July 2015, UNIQA decided to divest its 29 per cent participation in Medial Beteiligungs-Gesellschaft m.b.H. (Vienna). Since then, this has been reported under “Assets in disposal groups held for sale” (Group functions segment). The sale of Medial Beteiligungs-Gesellschaft m.b.H. to CAME Holding GmbH was finally completed on 15 January 2018 following receipt of the approvals and authorisations required for the transfer under public and merger law and following the decision of the general assembly of Casinos Austria Aktiengesellschaft.

Company	Type of consolidation	Location	Equity interest at 31/12/2018 In per cent	Equity interest at 31/12/2017 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	Equity method	Vienna	25.0	25.0
Foreign insurance companies				
Raiffeisen Life Insurance Company LLC	Fully consolidated	Russia, Moscow	75.0	75.0
SH.A.F.P SIGAL LIFE UNIQA Group AUSTRIA sh.a.	Fully consolidated	Albania, Tirana	44.3	44.3
SIGAL LIFE UNIQA Group AUSTRIA sh.a	Fully consolidated	Kosovo, Pristina	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	Albania, Tirana	86.9	86.9
SIGAL UNIQA Group AUSTRIA sh.a.	Fully consolidated	Kosovo, Pristina	86.9	86.9
UNIQA AD Skopje	Fully consolidated	North Macedonia, Skopje	86.9	86.9
UNIQA Asigurari de Viata S.A.	Fully consolidated	Romania, Bucharest	100.0	100.0
UNIQA Asigurari S.A.	Fully consolidated	Romania, Bucharest	100.0	100.0
UNIQA Biztosító Zrt.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA Insurance Company, Private Joint Stock Company	Fully consolidated	Ukraine, Kiev	100.0	100.0
UNIQA Insurance plc	Fully consolidated	Bulgaria, Sofia	99.9	99.9
UNIQA Life AD Skopje	Fully consolidated	North Macedonia, Skopje	86.9	86.9
UNIQA Life Insurance plc	Fully consolidated	Bulgaria, Sofia	99.6	99.6
UNIQA LIFE Private Joint Stock Company	Fully consolidated	Ukraine, Kiev	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 osiguranje d.d.	Fully consolidated	Croatia, Zagreb	100.0	100.0
UNIQA osiguranje d.d.	Fully consolidated	Bosnia and Herzegovina, Sarajevo	100.0	100.0
UNIQA poisťovňa a.s.	Fully consolidated	Slovakia, Bratislava	99.9	99.9
UNIQA pojišťovna, a.s.	Fully consolidated	Czech Republic, Prague	100.0	100.0
UNIQA Re AG	Fully consolidated	Switzerland, Zurich	100.0	100.0
UNIQA Towarzystwo Ubezpieczeń na Życie S.A.	Fully consolidated	Poland, Lodz	99.8	99.8
UNIQA Towarzystwo Ubezpieczeń S.A.	Fully consolidated	Poland, Lodz	98.6	98.6
UNIQA Versicherung AG	Fully consolidated	Liechtenstein, Vaduz	100.0	100.0
UNIQA životno osiguranje a.d.	Fully consolidated	Serbia, Belgrade	100.0	100.0
UNIQA životno osiguranje a.d.	Fully consolidated	Montenegro, Podgorica	100.0	100.0
Group domestic service companies				
Agenta Risiko- und Finanzierungsberatung Gesellschaft m.b.H.	Fully consolidated	Vienna	100.0	100.0
Assistance Beteiligungs-GesmbH	Fully consolidated	Vienna	64.0	64.0
call us Assistance International GmbH	Fully consolidated	Vienna	50.2	50.2
UNIQA Capital Markets GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Finanzbeteiligung GmbH (Merger: 30/9/2018)	Fully consolidated	Vienna	0.0	100.0
UNIQA Group Audit GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA International AG	Fully consolidated	Vienna	100.0	100.0
UNIQA internationale Beteiligungs-Verwaltungs GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA IT Services GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Real Estate Finanzierungs GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Real Estate Management GmbH	Fully consolidated	Vienna	100.0	100.0
Valida Holding AG	Equity method	Vienna	40.1	40.1
Versicherungsmarkt-Servicegesellschaft m.b.H.	Fully consolidated	Vienna	100.0	100.0

Company	Type of consolidation	Location	Equity interest at 31/12/2018 In per cent	Equity interest at 31/12/2017 In per cent
Group foreign service companies				
DEKRA-Expert Műszaki Szakértői Kft.	Equity method	Hungary, Budapest	50.0	50.0
sTech d.o.o.	Fully consolidated	Serbia, Belgrade	100.0	100.0
UNIPARTNER s.r.o.	Fully consolidated	Slovakia, Bratislava	99.9	99.9
UNIQA GlobalCare SA (formerly: UNIQA Assurances SA)	Fully consolidated	Switzerland, Geneva	100.0	100.0
UNIQA Group Service Center Slovakia, spol. s r.o. (formerly: InsData spol. s r.o.)	Fully consolidated	Slovakia, Nitra	98.0	98.0
UNIQA Ingatlanhasznosító Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA InsService spol. s r.o.	Fully consolidated	Slovakia, Bratislava	99.9	99.9
UNIQA Raiffeisen Software Service Kft.	Fully consolidated	Hungary, Budapest	60.0	60.0
UNIQA Raiffeisen Software Service S.R.L.	Fully consolidated	Romania, Cluj-Napoca	60.0	60.0
UNIQA Számítástechnikai Szolgáltató Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
Vitosha Auto OOD	Fully consolidated	Bulgaria, Sofia	99.8	99.8
Financial and strategic domestic shareholdings				
Diakonissen & Wehrle Privatklinik GmbH	Fully consolidated	Gallneukirchen	90.0	60.0
Goldenes Kreuz Privatklinik BetriebsGmbH	Fully consolidated	Vienna	75.0	75.0
Medial Beteiligungs-Gesellschaft m.b.H. (Deconsolidation: 15/1/2018)	Equity method	Vienna	0.0	29.6
PremiQaMed Ambulatorien GmbH	Fully consolidated	Vienna	100.0	100.0
PremiQaMed Beteiligungs GmbH	Fully consolidated	Vienna	100.0	100.0
PremiQaMed Holding GmbH	Fully consolidated	Vienna	100.0	100.0
PremiQaMed Management Services GmbH	Fully consolidated	Vienna	100.0	100.0
PremiQaMed Privatkliniken GmbH	Fully consolidated	Vienna	100.0	100.0
STRABAG SE	Equity method	Villach	14.3	14.3
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
UNIQA Leasing GmbH	Equity method	Vienna	25.0	25.0
Real estate companies				
"Hotel am Bahnhof" Errichtungs GmbH & Co KG	Fully consolidated	Vienna	100.0	100.0
ALBARAMA Limited Company (Deconsolidation: 15/6/2018)	Fully consolidated	Cyprus, Nikosia	0.0	100.0
Asena LLC	Fully consolidated	Ukraine, Nikolaev	100.0	100.0
AVE-PLAZA LLC	Fully consolidated	Ukraine, Kharkiv	100.0	100.0
Black Sea Investment Capital LLC	Fully consolidated	Ukraine, Kiev	100.0	100.0
Design Tower GmbH	Fully consolidated	Vienna	100.0	100.0
DIANA-BAD Errichtungs- und Betriebs GmbH	Equity method	Vienna	33.0	33.0
EZL Entwicklung Zone Lassallestraße GmbH & Co. KG	Fully consolidated	Vienna	100.0	100.0
Floreasca Tower SRL	Fully consolidated	Romania, Bucharest	100.0	100.0
Hotel Burgenland Betriebs GmbH	Fully consolidated	Vienna	100.0	100.0
IPM International Property Management Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
Knesebeckstraße 8-9 Grundstücksgesellschaft mbH	Fully consolidated	Germany, Berlin	100.0	100.0
LEGIWATON INVESTMENTS Limited Company	Fully consolidated	Cyprus, Limassol	100.0	100.0
Praterstraße Eins Hotelbetriebs GmbH	Fully consolidated	Vienna	100.0	100.0
PremiQaMed Immobilien GmbH	Fully consolidated	Vienna	100.0	100.0
Pretium Ingatlan Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
Renaissance Plaza d.o.o.	Fully consolidated	Serbia, Belgrade	100.0	100.0
Reytarske LLC	Fully consolidated	Ukraine, Kiev	100.0	100.0
R-FMZ Immobilienholding GmbH	Fully consolidated	Vienna	100.0	100.0
Software Park Kraków Sp. z o.o. (Initial consolidation: 4/12/2018)	Fully consolidated	Poland, Warsaw	100.0	0.0
UNIQA Immobilien-Projekterrichtungs GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Plaza Irodaház és Ingatlankezelő Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0

Company	Type of consolidation	Location	Equity interest at 31/12/2018 In per cent	Equity interest at 31/12/2017 In per cent
UNIQA poslovni centar korzo d.o.o.	Fully consolidated	Croatia, Rijeka	100.0	100.0
UNIQA Real Estate Bulgaria EOOD	Fully consolidated	Bulgaria, Sofia	100.0	100.0
UNIQA Real Estate BV	Fully consolidated	Netherlands, Hoofddorp	100.0	100.0
UNIQA Real Estate CZ, s.r.o.	Fully consolidated	Czech Republic, Prague	100.0	100.0
UNIQA Real Estate d.o.o.	Fully consolidated	Serbia, Belgrade	100.0	100.0
UNIQA Real Estate GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Real Estate Inlandsholding GmbH	Fully consolidated	Vienna	100.0	100.0
UNIQA Real Estate Polska Sp. z o.o.	Fully consolidated	Poland, Warsaw	100.0	100.0
UNIQA Real Estate Property Holding GmbH (formerly: UNIQA Real Estate Dritte Beteiligungsverwaltung GmbH)	Fully consolidated	Vienna	100.0	100.0
UNIQA Real III, spol. s r.o.	Fully consolidated	Slovakia, Bratislava	100.0	100.0
UNIQA Real s.r.o.	Fully consolidated	Slovakia, Bratislava	100.0	100.0
UNIQA Retail Property GmbH (formerly: Raiffeisen-Fachmarktzentrum VIER GmbH)	Fully consolidated	Vienna	100.0	100.0
UNIQA Szolgáltató Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA-Invest Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
Investment funds				
Diamond I SICAV – Opportunities Fund (Deconsolidation: 31/12/2018)	Fully consolidated	Luxembourg, Luxembourg	0.0	92.5
Platinum I SICAV – Opportunities Fund (Deconsolidation: 30/9/2018)	Fully consolidated	Luxembourg, Luxembourg	0.0	67.5
SSG Valluga Fund	Fully consolidated	Dublin, Ireland	100.0	0.0
UNIQA Corporate Bond	Fully consolidated	Vienna	100.0	100.0
UNIQA Diversified Bond Fund	Fully consolidated	Vienna	100.0	100.0
UNIQA Eastern European Debt Fund	Fully consolidated	Vienna	100.0	100.0
UNIQA Emerging Markets Debt Fund	Fully consolidated	Vienna	100.0	100.0
UNIQA Euro Government Bond Fund	Fully consolidated	Vienna	99.7	99.5
UNIQA World Selection	Fully consolidated	Vienna	100.0	100.0

36. 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 2018. 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 40	Investment Property – Clarification of Classification	1 January 2018	No
IFRS 4	Insurance Contracts – Applying IFRS 9 together with IFRS 4	1 January 2018	Yes
IFRS 2	Share-based Payment – Classification and Measurement of Transactions with Share-based Payments	1 January 2018	Yes
IFRS 15	Revenue from Contracts with Customers	1 January 2018	Yes
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	No
Miscellaneous	Annual Improvements Project 2014–2016 – Amendments to IAS 1 and IAS 28	1 January 2018	No

IFRS 15 Revenue from Contracts with Customers
IFRS 15 has been applicable since 1 January 2018 and covers revenue recognition from contracts with customers. IFRS 15 is not applicable to insurance contracts as they are within the scope of IFRS 4.

IFRS 15 is relevant for the UNIQA Group due to investments being accounted for using the equity method. Use of the modified retrospective method on first-time adoption of IFRS 15 is expected to have a positive effect of approximately €5 million on equity for the full 2018 year. For other revenues the scope of IFRS 15, the application of IFRS 15 has no impact on the financial position of the Company or the presentation in the consolidated financial statements.

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. UNIQA does not intend to adopt these standards early.

Standard	Content	First-time application by UNIQA	Endorsement by the EU 31/12/2018	Likely to be relevant for UNIQA
New standards				
IFRS 9	Financial Instruments	1 January 2022[1]	Yes	Yes
IFRS 9	Amendments to IFRS 9 – Prepayment Features with Negative Compensation	1 January 2022[1]	Yes	Yes
IFRS 16	Leases	1 January 2019	Yes	Yes
IFRS 17	Insurance Contracts	1 January 2022[1]	No	Yes
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	Yes	Yes
Amended standards				
Miscellaneous	Annual Improvements Project 2015–2017	1 January 2019	No	Yes
Miscellaneous	Updated Framework	1 January 2020	No	Yes
IAS 1, IAS 8	Definition of Material	1 January 2020	No	Yes
IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019	No	Yes
IAS 28	Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures	1 January 2019	No	Yes
IFRS 3	Definition of a Business	1 January 2020	No	Yes

[1] Preliminary decision of the IASB to defer the date of IFRS 17 coming into force and to extend the temporary exemption of IFRS 9 by one year.

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 came 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 2022[1] 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.

Since UNIQA's business is predominantly insurance-related and UNIQA has not yet applied IFRS 9 in any other version, a deferral to apply IFRS 9 for the first time is permitted until 1 January 2022[1]. This is possible if the share of the carrying amount of all insurance liabilities in the total liabilities as of 31 December 2015 exceeds 90 per cent. The criteria to be fulfilled for the deferral approach were met by more than 90 per cent. For associated companies that have been applying IFRS 9 since 1 January 2018, UNIQA has exercised the option of including them in the consolidated financial statements without any adjustments.

Classification and measurement

The technical development of the SPPI (Solely Payments of Principal and Interest) decision tree and of the systems integration of the developed SPPI logic for the entire securities portfolio of UNIQA has been completed.

Fixed-income securities make up a large portion of the investment portfolio. Given that these securities tend to follow the principal/interest payment structure in most cases, they largely fulfil the criteria of the SPPI test. If an instrument meets the requirements of the SPPI test, there are two options. On the one hand, there is the option of subsequent measurement at amortised cost, and on the other, the option of fair value measurement through other comprehensive income. The portion of the UNIQA portfolio that does not fulfil the SPPI criteria will in future be measured at fair value through profit or loss.

Requirements for SPPI fulfilled based on carrying amounts in per cent[1]	Variable-income securities	Fixed-income securities	Loans and other investments	Derivative financial instruments	Investments under investment contracts
Financial assets at fair value through profit or loss	0.0	0.2	-	0.0	0.0
Available-for-sale financial assets	0.0	92.7	-	-	-
Loans and receivables	-	1.1	100.0	-	-
Total	**0.0**	**93.9**	**100.0**	**0.0**	**0.0**

[1] Classification according to IAS 39

Asset allocation of other investments In € thousand	At amortised cost or at fair value through other comprehensive income			At fair value through profit or loss		
	Carrying amount	Fair value	Change in fair value over the period	Carrying amount	Fair value	Change in fair value over the period
Government bonds	9,548,259	9,430,546	–265,912	0	0	0
Corporate bonds	2,893,062	2,879,915	52,669	180,371	179,182	284
Covered bonds	2,756,207	2,729,758	–476,097	0	0	0
Loans	86,950	86,950	53,815	0	0	0
Other	0	0	0	805,606	804,878	202,193
Total	**15,284,477**	**15,127,168**	**–635,525**	**985,977**	**984,060**	**202,477**

In addition, the logic for the business models in accordance with IFRS 9 was prepared for sub-areas, and they were also subject to a validation of their plausibility. As expected, on the basis of current indications, the hold-and-sell business model accounts for a large part of UNIQA's business. This may result in changes due to the interactions with IFRS 17 that cannot yet be fully assessed at the time the financial statements are being prepared.

Impairment

The new provisions of IFRS 9 concerning impairment must be applied in future to financial assets measured at amortised cost or at fair value through other comprehensive income. Under IFRS 9, the impairment calculation to be applied is based on a forward-looking model for the recognition of expected losses.

The logic of the model according to which future impairment will be recognised is, at the time the financial statements are being prepared, in a development and analysis phase. In addition, the use of suitable tools is being tested to illustrate the required calculatory algorithms. On the basis of simplified assumptions, initial simulations were carried out with regard to the assessment of the default risk on financial assets within the scope of the new IFRS 9 impairment provisions. For the purpose of assessing the default risk, recourse was made to the definition in IFRS 9 of financial instruments with a low default risk on the reporting date. An external investment grade rating can therefore be used to assess whether a financial instrument has a low default risk.

Financial instruments by rating

In € thousand

	Government bonds	Corporate bonds	Covered bonds	Loans	Other	Total
AAA	1,848,518	91,784	1,913,761	0	0	3,854,062
AA	3,014,437	384,210	589,766	0	0	3,988,413
A	2,381,547	1,091,067	159,303	0	0	3,631,917
BBB	1,438,214	990,579	4,495	27,539	0	2,460,827
BB	609,681	61,769	17,074	0	0	688,524
B	223,303	15,278	0	0	0	238,581
≤ CCC	4,999	0	0	0	0	4,999
Not rated	27,561	258,374	71,808	59,410	0	417,154
Total	**9,548,259**	**2,893,062**	**2,756,207**	**86,950**	**0**	**15,284,477**

The fair value of the instruments which do not feature a low default risk (non-investment grade) amounts to €913 million.

UNIQA expects effects from the conversion to IFRS 9 both as a result of the new classification and measurement rules and due to the new impairment model. In a holistic view, interactions with IFRS 17 must also be taken into account in this context. A comprehensive impact analysis will be prepared for the further course of the project, in particular with regard to the interaction and interdependencies resulting from the changes introduced by IFRS 17.

IFRS 16 – Leases

IFRS 16 replaced the current accounting regulations for leases as at 1 January 2019. In the preparatory work for its introduction, the exercise of the following options was decided. For example, a lessee has the right but is under no obligation to record a right of use for the leases for intangible assets. UNIQA has decided not to record any right of use for intangible assets. Also, UNIQA will not separate the lease payments due to the insignificant portion of non-lease components within the leases analysed. UNIQA will choose the modified retrospective method for the first-time application.

There are around 1,200 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. They mainly relate to real estate and in part to operating and office equipment. A significant portion of the contracts are concluded for an indefinite period, for which estimates had to be made regarding the term and the exercise of termination options. The increase in lease liabilities arising from the cash value of the remaining lease payments compared with the obligations stated so far from future lease instalments is primarily the result of estimates made on the expected contractual term of lease agreements with no fixed term. The lease payments recorded each year amount to around €12 million. The average contract term is between three and five years. The discount rate to determine the liability is composed of the risk-free interest rate adjusted by the country risk, creditworthiness, quality of the collateral and an amortisation factor.

The capitalisation of the usage rights and the statement of the associated obligations on the liabilities side will result in an increase in the total assets and liabilities stated in the balance sheet of around €181 million.

There will be no material impact on the items in the consolidated income statement and no differences in the statements made as a result of the regulations in IFRS 16. With the impairment losses, amortisation of goodwill and other intangible assets, and depreciation of property, plant and equipment there is an expected increase of €11 million through depreciation of the right-of-use asset.

Amortisation of the lease liabilities in the projected amount of €11 million for 2019 will be stated in the item "Net cash flow from financing activities" in the consolidated statement of cash flows. The interest payments associated with this are recognised under "Net cash flow from operating activities".

Changes in the capital structure such as changes in the gearing ratio resulting from lease obligations due to be recognised in the balance sheet in future have been deemed insignificant at this point.

IFRS 17 – Insurance Contracts
On 17 May 2017, the International Accounting Standards Board published IFRS 17, the new standard for accounting for insurance contracts. The International Accounting Standards Board proposed in November 2018 a postponement of the date of first-time application of IFRS 17 provisionally until 1 January 2022.

An essential element of the standard is a general measurement model, according to which all insurance contracts are to be valued on the basis of a prospective model. This involves combining current best estimate values plus a risk margin with a mode for distributing the profit from the contracts. The general measurement model will be applicable to a significant part of the insurance business.

The contractual service margin is the equivalent of the expected profit from the portfolio of contracts held and thus creates a high degree of transparency with regard to UNIQA's future profitability. However, as this margin is a residual, its amount depends significantly on the assessment of the best estimate of future cash flows, the discount rate and the method used to determine the risk margin.

For short-term contracts and less volatile insurance contracts, there is the option of applying a simpler measurement model (premium allocation approach). UNIQA is currently examining in detail how much of the property and casualty insurance business can be measured with the premium allocation approach.

There is a mandatory special model (variable fee approach) for participating contracts and contracts of unit-linked and index-linked life insurance. The variable fee approach is expected to be applied at UNIQA in health insurance and in life insurance. The exact extent of applicability is currently being evaluated in various analyses.

The approach and the measurement of insurance contracts take place at the group level. Insurance contracts are consolidated in portfolios. Contracts contained in these portfolios are exposed to similar risks and are managed together. These contracts shall be divided into further groups, whereby insurance contracts written more than one year apart may not belong to the same group. In any case, there are at least the following three groups per insurance portfolio:

- 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, and
- the remaining group.

This represents a major paradigm shift in the accounting and measurement of insurance contracts. The implementation of IFRS 17 is therefore divided into three dimensions: the implementation of technical requirements, the implementation of business requirements and the adaptation of processes and communication channels.

UNIQA introduced a Group-wide project including comprehensive governance for the implementation of IFRS 17. The project structure is essentially divided into the following six workstreams:

- Project Management Office
- Actuarial Content and Processes
- IFRS 17 Accounting Content and Processes
- IFRS 9 Accounting
- Systems Implementation, Data & Processes
- Reporting and Planning

This lays down the timetable up to the expected first application starting on 1 January 2022 (Preliminary decision of the IASB to defer the date of IFRS 17 coming into force and to extend the temporary exemption of IFRS 9 by one year) and the progress of the project currently corresponds to the planned target in all workstreams.

The next important milestones are comprehensive impact analyses, the incorporation of feedback for various specialist concepts for different areas and the first sprint phases in system implementation.

37. Error corrections in accordance with IAS 8

Consolidation of controlled investment funds
Among other things, the consolidation method for investment funds controlled by UNIQA was subjected to a detailed analysis as part of the migration of UNIQA's accounting to a new IT system, resulting in a need for procedural adjustments. Up until now, the investment fund certificates were derecognised in the consolidated reporting as IFRS adjustment items and replaced proportionally by the individual securities. Yet this resulted in an incorrect distinction between consolidation measures and adjustment items. Therefore, in order to guarantee a correct statement, the treatment of controlled investment funds was adjusted to the subsidiaries' consolidation methods. This way any future intra-Group balances and transactions along with earnings and expenses from intra-Group

transactions will be eliminated as consolidation measures. The values previously reported under other liabilities to fund owners outside the Group will from now on be presented under the item “Non-controlling interests” in equity. In addition to this, the deferred taxes and deferred profit participation existing on outside basis differences in this context were derecognised.

Deferred taxes and deferred profit participation

UNIQA operates on the Austrian market as a composite insurance company and is subject to the Austrian Profit-Sharing Regulation in the Life Insurance business line. The profit or loss based on local calculation principles is used as the basis for calculating the profit participation. A deferred profit participation is recognised for differences between the local valuation and the valuation in accordance with IFRS. Shifts occurred through the existing P&L-based approach to changes in the distribution of costs to the business lines and with transfers of capital investments between the business lines when determining the deferred profit participation and deferred taxes. As such the deferrals posted no longer corresponded with the underlying social capital provisions and capital investments. These shifts were detected during the course of system migrations and the P&L-based approach was amended to a balance sheet-oriented approach.

Percentage of deferred profit participation

In addition, the deferred profit participation in the life insurance business line in Austria was previously calculated at 85 per cent on the basis of the gross amount (i.e. before deferred taxes). Corresponding to the determination of the profit participation, the calculation of the deferred profit participation was corrected on the basis of the net amount (i.e. after deferred taxes).

Pro rata interest

In addition, accrued interest is corrected on the assets and liabilities side of the balance sheet. Accrued interest is now reported under the underlying receivables or liabilities. The pro rata interest attributable to investments was previously reported under the item “Receivables including insurance receivables” under the heading “Interest and rent”. These have been reclassified to the item “Other investments”. On the liabilities side, accrued interest, which was previously reported under “Obligations for interest payments” under the item “Liabilities and other items classified as liabilities”, was reclassified as “Subordinated liabilities”.

Assets
In € thousand

	1/1/2017 published	Consolidation of controlled investment funds	Deferred taxes & deferred profit participation	Percentage of deferred profit participation	Accrued interest	1/1/2017 adjusted
Investments						
Other investments	18,153,472				191,844	18,345,317
Receivables, including insurance receivables	638,695				–191,844	446,851
Total assets	**33,639,160**				**0**	**33,639,160**

Equity and liabilities
In € thousand

	1/1/2017 published	Consolidation of controlled investment funds	Deferred taxes & deferred profit participation	Percentage of deferred profit participation	Accrued interest	1/1/2017 adjusted
Total equity						
Portion attributable to shareholders of UNIQA Insurance Group AG						
Accumulated results	1,412,961	–47,839	–14,539	45,209		1,395,793
	3,186,253	**–47,839**	**–14,539**	**45,209**		**3,169,084**
Non-controlling interests	**26,513**	**1,002**				**27,515**
	3,212,766	**–46,837**	**–14,539**	**45,209**		**3,196,599**
Liabilities						
Subordinated liabilities	846,043				23,073	869,115
Technical provisions	17,609,233	60,172	19,246	–45,209		17,643,442
Financial liabilities	45,524				2,275	47,798
Liabilities and other items classified as liabilities	1,042,244	–1,002			–25,347	1,015,895
Deferred tax liabilities	296,676	–12,333	–4,707			279,635
	30,426,394	**46,837**	**14,539**	**–45,209**		**30,442,561**
Total equity and liabilities	**33,639,160**	**0**	**0**	**0**	**0**	**33,639,160**

Assets
In € thousand

	31/12/2017 published	Consolidation of controlled investment funds	Deferred taxes & deferred profit participation	Percentage of deferred profit participation	Accrued interest	31/12/2017 adjusted
Investments						
Other investments	18,082,821				181,505	18,264,326
Receivables, including insurance receivables	675,914				–181,505	494,409
Total assets	**28,743,885**				**0**	**28,743,885**

Equity and liabilities
In € thousand

	31/12/2017 published	Consolidation of controlled investment funds	Deferred taxes & deferred profit participation	Percentage of deferred profit participation	Accrued interest	31/12/2017 adjusted
Total equity						
Portion attributable to shareholders of UNIQA Insurance Group AG						
Accumulated results	1,404,281	−47,668	−11,904	39,979		1,384,689
	3,177,590	**−47,668**	**−11,904**	**39,979**		**3,157,998**
Non-controlling interests	**15,801**	**75,587**				**91,388**
	3,193,391	**27,919**	**−11,904**	**39,979**		**3,249,386**
Liabilities						
Subordinated liabilities	846,358				22,991	869,349
Technical provisions	17,346,312	60,008	15,731	−39,979		17,382,072
Financial liabilities	38,646				1,706	40,352
Liabilities and other items classified as liabilities	1,127,336	−75,587			−24,696	1,027,053
Deferred tax liabilities	308,249	−12,340	−3,827			292,082
	25,550,494	**−27,919**	**11,904**	**−39,979**		**25,494,500**
Total equity and liabilities	**28,743,885**	**0**	**0**	**0**	**0**	**28,743,885**

Consolidated income statement
In € thousand

	1–12/2017 published	Consolidation of controlled investment funds	Deferred taxes & deferred profit participation	Percentage of deferred profit participation	1–12/2017 adjusted
Technical interest income	**347,100**	**−7,469**	**521**	**98**	**340,250**
Insurance benefits					
Gross	−3,622,976	7,469	3,000	770	−3,611,736
Reinsurers' share	64,327				64,327
	−3,558,650	**7,469**	**3,000**	**770**	**−3,547,410**
Technical result	**106,215**		**3,522**	**868**	**110,605**
Net investment income					
Income from investments	980,100	24			980,124
Expenses from investments	−469,354	11,173			−458,180
	560,937	11,197			572,134
Reclassification of technical interest income	**−347,100**	**7,469**	**−521**	**−98**	**−340,250**
Non-technical result	**194,035**	**18,666**	**−521**	**−98**	**212,082**
Operating profit/(loss)	**300,250**	**18,666**	**3,000**	**770**	**322,687**
Earnings before taxes	**242,194**	**18,666**	**3,000**	**770**	**264,631**
Income taxes	**−46,348**	**−55**	**−759**		**−47,162**
Profit/(loss) for the period from continuing operations	**195,846**	**18,611**	**2,241**	**770**	**217,469**
Profit/(loss) for the period	**162,788**	**18,611**	**2,241**	**770**	**184,410**
of which attributable to shareholders of UNIQA Insurance Group AG	161,397	7,414	2,241	770	171,822
of which attributable to non-controlling interests	1,391	11,197			12,588
Earnings per share (in €)[1]	**0.53**	**0.02**	**0.01**		**0.56**
Earnings per share from continuing operations	0.63	0.02	0.01		0.66

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

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 cost are stated with the historical exchange rate. This results in no currency translation difference.

Major exchange rates

	EUR closing rates		EUR average rates	
	31/12/2018	31/12/2017	1–12/2018	1–12/2017
Hungarian forint (HUF)	320.9800	310.3300	319.2831	309.3500
Croatian kuna (HRK)	7.4125	7.4400	7.4204	7.4652
Polish złoty (PLN)	4.3014	4.1770	4.2620	4.2556
Romanian leu (RON)	4.6635	4.6585	4.6555	4.5711
Ukrainian hryvnia (UAH)	31.7750	33.6798	32.2048	30.2620
Russian rouble (RUB)	79.7153	69.3920	73.7887	66.0349
US dollar (USD)	1.1450	1.1993	1.1803	1.1307

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. Currency translation differences from the share of the carrying amount in the consolidated income statement and attributable to the amortised cost are recognised in the item "Available-for-sale financial assets".

Significant events after the reporting date

No events subject to mandatory reporting occurred after the reporting date.

Risk report

39. Risk strategy

Principles

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

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

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

Organisation

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

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

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

Risk-bearing capacity and risk appetite

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

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

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

Non-quantifiable risks, in particular operational risk, litigation risk and strategic risk are identified and assessed as part of the risk assessment process. 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. 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).

UNIQA Holding Management Board	▪ Active risk management and controlling through value oriented principles ▪ Approves the UNIQA risk management strategy (aligned with the supervisory board) ▪ Approves the risk limit for operating companies ▪ Highest authority for decisions regarding risk transfer and mitigation
UNIQA Holding CFRO	▪ Functional management of the UNIQA risk management unit ▪ Chair of the UNIQA Risk Management Committee ▪ Responsible for shaping the risk management strategy ▪ Monitors the overall risk situation ▪ Appropriate structures for risk management and reporting
Group Risk Committee	▪ Defines the risk management strategy ▪ Prepares and monitors risk-bearing capacity and risk limits and the "value-creating units" in the Group ▪ Defines capital allocation and sets coherent limits ▪ Approves the model change (capital model, partial internal models)
Group Actuarial and Risk Management	▪ Defines the UNIQA risk management process ▪ Conducts the uniform risk management process ▪ Coordinates the calculation of solvency capital requirements and minimum capital requirements ▪ Defines minimum standards for all risk management processes ▪ Ensures effective and timely reporting of risk management information ▪ Prepares and monitors risk limits for the company
Insurance Business Unit (CRO, RM) Local Risk Committee	▪ Conducts the uniform UNIQA risk management process in accordance with Group standards ▪ Prepares and maintains minimum standards for the specific risk management processes for all risk categories ▪ Prepares and monitors risk limits ▪ Monitors overall risk management performance and ensures effective and timely reporting

The relevant responsibilities are shown accordingly in the overview above. In addition, 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 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.

The risk categories of market risk, technical risk and default risk are **evaluated** at UNIQA by means of quantitative methods either based on the Solvency II standard approach or the partial internal model for property and casualty insurance. 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)). This results in the ECM approach adjusted to the UNIQA portfolio. 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.

The **limit and early warning system** determines risk-bearing capacity (economic equity) 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.

A summary of the largest identified risks is prepared for each UNIQA insurance company and for the UNIQA Group as part of the quarterly **reporting process** 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 2018

Based on external and internal developments, activities in 2018 focused on the following:

- Establishment of the Shared Service Centre (SSC) Bratislava
- Partial internal model for the market risk
- Revision of the concept for the Internal Control System (ICS)
- Implementation of data protection measures
- Emerging Risk Radar 2018
- Purchase of cyber insurance

UNIQA took a crucial step towards a "shared services" model in the second quarter of this year with the establishment of UNIQA 4WARD as a branch of UNIQA Insurance Group AG. The purpose of this branch located in Bratislava is to overcome resource shortages more effectively and to relieve the strain of the day-to-day work on the local companies. UNIQA 4WARD forms the basis for meeting future additional requirements in good time and based on the requisite quality. In addition to creating a concept for recruiting and employer branding, the main focus this year was on the areas of actuarial services and risk management. A cross-border scoping and design phase resulted in three processes being determined that will be implemented as part of a pilot phase in 2019. The first employees have already undergone a comprehensive training programme in order to enable them to implement these pilot processes successfully.

UNIQA has also worked intensively on the developments to the partial internal model (which was approved at 11 December 2017 for property and casualty insurance). Specifically the model was expanded to include the market risk module. Work on the market risk model had already started in 2017, and this was completed and fully calculated for internal purposes in 2018. The essential changes as compared with the standard formula feature in the modules for interest, spreads and real estate.

The major structural changes in the Group (UIP, TOM) and adjustments in the value chain associated with these resulted in the need to restructure the ICS within the Group and adapt this to the new conditions. As part of the ICS project launched subsequently, an analysis of the current situation was carried out at an initial stage in order to identify the essential action areas. The concept of the "new ICS" was then developed as part of a design phase building on this. The essential reform involves harmonisation of a Group-wide risk catalogue and a focus on the operational risks relevant to the Group and the Group companies. The suitability of the new approach in practice was tested extensively in two pilot tests on selected processes in Austria and Poland.

The entry into force of the General Data Protection Regulation (GDPR) required extensive actions on the part of UNIQA. The high financial risk (with penalties involving fines of €20 million or 4 per cent of annual turnover) as well as the reputational risk in the event of incidents or a failure to comply can be handled in a structured manner through implementation of a data management system (DMS). Data protection is an integral part of the UNIQA organisation and is constantly developed as part of a continuous improvement process. Data protection coordinators are for instance operating in all significant specialist departments with viable data protection processes also in place. A high degree of maturity has been achieved in enforcing the rights of data subjects. Future areas of focus for the implementation project include further development of secure communication channels and the implementation of technical and organisational measures.

Insurance companies are required to operate in a risk landscape that is constantly changing and that features new environmental policy, technological, economic and legal developments as well as their reciprocal dependencies. UNIQA therefore developed a structured process in 2018 which identifies potential emerging risks, assesses their impact on our portfolio, analyses the results and summarises these in a report. The procedure was implemented for the first time this year. Management at UNIQA as well as experts were involved in the process using questionnaires, with the following three emerging risks assessed as the ones most relevant to UNIQA: cyber risk, competition from InsurTech, along with changes to the weather and natural disasters. The emerging risk process will be implemented each year. UNIQA is also a member of the CRO forum which works on the issue as part of a separate working group.

Increasing concerns regarding security risks continue to dominate the discussion in almost all forums of industry and the public sector. UNIQA's IT systems and applications are also exposed to various security risks. The losses or impaired performance of these can cause serious damage to the company or to individual business lines depending on their importance for our business. The UNIQA Group finalised its cyber insurance policy in 2018 in order to counter this. The policy covers own damage and additional costs caused by malicious attacks, accidental incidents and the loss of personal data. Example costs include investigations by internal and external experts, the restoration of data and repairs to IT systems. Another element covered under the insurance include third-party damage and liability towards third parties for financial loss incurred by them (claims for compensation and costs of defence). Finalisation of the insurance means that UNIQA has taken an important step towards implementing integrated protection for tangible and intangible assets.

41. Challenges and priorities in risk management for 2019

Shared Service Centre (SSC) Bratislava
Following an intensive set-up phase and implementation of a clear communication and training plan, the first processes are being outsourced to the Shared Service Centre in 2019. A clear process design represents the basis for successful implementation. In addition to actuarial services and risk management, the scope of activities in UNIQA 4WARD will be expanded to include finance and security management in 2019. One of the biggest challenges will continue to be the efforts to establish UNIQA 4WARD as an attractive employer on the Slovak labour market. This is the only way that we will be able to find well-trained workers who are prepared to take on the upcoming tasks.

Partial internal model for the market risk
Following the successful completion of the model in 2018, the next step will be to integrate the model into regular risk assessments, including in particular the quarterly calculation of the ECR. The ALM and limit processes must then be adjusted based on integration into the control processes. UNIQA is striving to submit the model for approval so that the developed model can also be used for official SCR key figures in future.

Introduction of the new ICS
As mentioned in the section on activities, work took place in 2018 on designing the internal control system. While the concept has already been developed and tested in pilot tests, the Group-wide roll-out of the new process will represent one of the main focal points and challenges in 2019. The potential obstacles to the roll-out relate in particular to the fact that a large number of processes within the Group are affected by the ICS, and the roll-out will therefore require appropriate coordination effort on the one hand, along with assurances that the knowledge and expertise is passed onto the relevant employees on the other.

Implementation of the Group Security Management System (GSMS)
UNIQA has launched a project for the introduction of an integrated GSMS that deals with information security, physical safety and security and business continuity, i.e. all aspects of safety and security, including cyber security risks. The overriding aim of the GSMS is to contribute towards integrated and comprehensive security risk management at UNIQA. The following elements have been defined as objectives of the management system in order to support this:

- Transparency for the first line of defence over critical assets in their area of responsibility
- Appropriate protection of the assets in accordance with their criticality to the business
- Understanding of the residual risks that remain once the security concept has been implemented
- Well-informed and professionally sound decisions on acceptance of these residual risks by the person responsible

The implementation project covers all relevant functions as well as the Management Board. The project is also being supported by external resources. As part of the first stage UNIQA decided to restructure the existing Security Governance Framework in order to adapt it to internationally recognised standards such as ISO 27001 and BSI Standard 100-4. This is the basis for further implementation efforts.

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

42. 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 a risk capital cover (capital ratio) of between 155 per cent and 190 per cent. Details for the reporting date of 31 December 2018, 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 subordinated capital bond issued in 2015 (€500.0 million Tier 2, First Call Date: 27 July 2026) are rated “BBB” by Standard & Poor’s. Standard & Poor’s rates the outlook for all the companies as stable.

43. 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 Group companies in Central Europe operate in the property and casualty segment as well as in the life and health insurance segment. The insurance business predominantly relates to the property and casualty sectors in the CEE region.

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.

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

	31/12/2018	31/12/2017 adjusted
Fixed-income securities	16,217,516	16,722,298
Real estate assets	1,104,517	1,236,630
Equity investments and other stocks	743,401	855,308
Equities	739,458	604,563
Time deposits	398,672	331,935
Derivative financial instruments	20,804	165,037
Other investments	25,750	110,252
Loans	86,950	33,148
Total	**19,337,067**	**20,059,171**

However, the market and credit risks not only have an impact on the value of investments, but also influence the level of technical liabilities. There is therefore a dependency between the (price) growth of assets and liabilities from insurance contracts, particularly in life insurance. 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 ensure sufficient liquidity while retaining the greatest possible security and balanced risk in order to achieve a return on capital that is sustainably higher than the guaranteed performance of the technical liabilities. 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

	31/12/2018	31/12/2017 adjusted
Long-term life insurance contracts with guaranteed interest and profit participation	12,612,019	12,289,254
Long-term unit-linked and index-linked life insurance contracts	4,751,183	5,034,492
Long-term health insurance contracts	3,591,681	3,598,565
Short-term property and casualty insurance contracts	4,813,330	5,065,059
Total	**25,768,212**	**25,987,370**

These values refer to the following items:

- Land and buildings for own use
- 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

	31/12/2018	31/12/2017 adjusted
Long-term life insurance contracts with guaranteed interest and profit participation	10,890,862	11,223,577
Long-term unit-linked and index-linked life insurance contracts	4,721,904	5,019,325
Long-term health insurance contracts	3,191,419	3,038,285
Short-term property and casualty insurance contracts	2,970,578	2,940,919
Total	**21,774,763**	**22,222,106**

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

The **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. The interest rate risk is actively managed as part of the ALM-based investment strategy.

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

Exposure by term
In € thousand

	31/12/2018	31/12/2017 adjusted
Up to 1 year	768,320	1,339,431
More than 1 year up to 3 years	1,895,285	1,920,831
More than 3 years up to 5 years	2,571,055	2,475,017
More than 5 years up to 7 years	3,169,290	2,507,702
More than 7 years up to 10 years	2,816,568	2,846,914
More than 10 years up to 15 years	2,141,868	2,323,211
More than 15 years	2,855,131	3,309,949
Total	**16,217,516**	**16,723,055**

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

	31/12/2018	31/12/2017
Up to 1 year	1,138,678	1,443,546
More than 1 year up to 3 years	1,359,578	1,690,150
More than 3 years up to 5 years	1,007,618	1,124,251
More than 5 years up to 7 years	1,074,549	1,088,078
More than 7 years up to 10 years	1,578,545	1,687,476
More than 10 years up to 15 years	2,455,407	2,383,198
More than 15 years	6,896,491	6,082,316
Total	**15,510,867**	**15,499,016**

Since the interest rate risk is particularly relevant in life insurance as a result of the long-term liabilities, the focus below is placed on this segment. The modified duration of the assets in life insurance is 8.5 per cent, while for liabilities it is 13 per cent. 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 budget that is accepted for the interest rate risk on strategic grounds is determined as part of the annual ALM process.

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 2017 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)	2.3		
Central Europe (CE)	3.4		3.1
Eastern Europe (EE)	3.6	3.7	3.3
Southeastern Europe (SEE)	2.5	2.3	1.3
Russia (RU)	2.9	2.8	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 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

	31/12/2018	31/12/2017 adjusted
AAA	3,866,678	4,358,396
AA	3,989,617	4,097,169
A	3,707,064	4,096,105
BBB	2,526,245	2,314,270
BB	720,223	976,377
B	240,932	202,287
≤ CCC	6,090	9,294
Not rated	1,160,667	665,173
Total	**16,217,516**	**16,719,071**

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.

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 31/12/2018

In € thousand	Assets	Provisions and liabilities
EUR	**24,776,455**	**22,526,995**
USD	437,881	128,123
CZK	598,874	475,748
HUF	494,772	568,962
PLN	948,421	789,665
RON	289,381	213,284
Other	958,016	814,473
Total	**28,503,801**	**25,517,251**

Currency risk 31/12/2017 adjusted

In € thousand	Assets	Provisions and liabilities
EUR	**24,868,208**	**22,491,054**
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**	**25,494,500**

UNIQA strives to keep **concentration risks** as low as possible. There could be an inappropriate concentration risk from the transfer of insurance business to individual reinsurance companies. Late payment (or non-payment) by an individual reinsurer can have a material influence on the UNIQA Group's result. This risk is controlled in the UNIQA Group by an internal reinsurance company, which is responsible for selecting external reinsurance parties, taking into account strict guidelines for avoiding material concentration risks.

Throughout the investment period, the company continuously checks whether the investment volumes in securities of individual issuers exceed certain limits in relation to the total investment volume, defined according to the respective credit rating. If this is the case, a risk premium will be added to the portfolio items that are in excess of the limit.

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.

Obligations with a term of more than twelve months are covered by investments with matching maturities as far as possible within the framework of the ALM process and the strategic guidelines. In addition, a majority of the securities portfolio is listed in liquid markets and can be sold quickly and without significant markdowns if cash is required.

There are underwriting obligations mainly in the form of funds from holdings in healthcare and investments in private debt, as well as in the infrastructure sector, amounting to €601,415 thousand (2017: €0). There are no remaining payment obligations for other private equity investments (2017: €1.0 million).

Sensitivities

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 equity and profit/(loss) for the period. 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	31/12/2018 +100 basis points	31/12/2018 –100 basis points[1]	31/12/2017 +100 basis points	31/12/2017 –100 basis points[1]
Government bonds	–736,457	673,474	–768,284	746,481
Corporate bonds (incl. covered bonds)	–316,143	196,892	–372,587	281,189
Other	–35,852	24,921	–28,592	32,926
Total	**–1,088,451**	**895,286**	**–1,169,463**	**1,060,595**

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

Spread risk

In € thousand	31/12/2018 +100 basis points	31/12/2017 +100 basis points
Total	**–1,113,826**	**–1,184,283**

Equity risk

In € thousand	31/12/2018 30%	31/12/2018 –30%	31/12/2017 30%	31/12/2017 –30%
Total	**375,228**	**–375,186**	**277,757**	**–247,797**

Currency risk

In € thousand	31/12/2018 10%	31/12/2018 –10%	31/12/2017 10%	31/12/2017 –10%
USD	20,855	–20,855	27,209	–27,209
HUF	15,703	–15,703	16,776	–16,776
RON	14,987	–14,987	14,893	–14,893
CZK	38,422	–38,422	37,314	–37,314
PLN	48,526	–48,526	47,743	–47,743
Other	60,255	–58,636	57,374	–55,908
Total	**198,747**	**–197,128**	**201,308**	**–199,842**

2018

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	1,781	–6,965	–2,743	60,776	–305,289	186,416	–184,798
Equity	–1,090,232	902,251	–1,111,082	314,451	–69,897	12,330	–12,330
Total	**–1,088,451**	**895,286**	**–1,113,826**	**375,228**	**–375,186**	**198,747**	**–197,128**

[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.

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[2] (+10%)	Currency shock[2] (–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**

[2] Currency shock from land and buildings amounting to €23.3 million (+10%) and €–23.3 million (–10%) will not be incurred either on the income statement or in equity, because real estate is recognised at amortised cost and shocks are calculated on a fair value basis.

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 the deferred profit participation) amounts to €+6.16 million. A –100 bp reduction in this assumption results in a net effect of €–6.90 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.

In **non-life insurance**, the 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 €2,555 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 €127.8 million.

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 2018) would reduce the profit from ordinary activities by approx. €34 million.

Actuarial risks

The technical risk in **non-life** 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. 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 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 carefully selected calculation principles.

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 technical and financial risks.

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

In € thousand

	31/12/2018	31/12/2017 adjusted
Austria (AT)	9,742,614	10,128,066
Western Europe (WE)	89	115
Central Europe (CE)	374,254	364,428
Eastern Europe (EE)	48,329	37,704
Southeastern Europe (SEE)	484,036	490,533
Russia (RU)	247,953	209,433
Total	**10,897,274**	**11,230,279**

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

In € thousand

	31/12/2018	31/12/2017 adjusted
Austria (AT)	4,281,534	4,457,284
Central Europe (CE)	427,818	554,202
Southeastern Europe (SEE)	12,552	7,839
Total	**4,721,904**	**5,019,325**

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	
	2018	2017 adjusted	2018	2017 adjusted	2018	2017 adjusted
Austria (AT)	40.5	42.1	9.2	9.1	24.3	22.2
Central Europe (CE)	15.6	15.9	2.7	2.5	0.1	0.2
Eastern Europe (EE)	27.6	30.6	3.0	3.2	0.0	0.0
Southeastern Europe (SEE)	74.1	77.4	8.9	8.0	0.4	0.4
Russia (RU)	92.1	93.3	0.0	0.0	0.0	0.0
Total	**41.1**	**42.6**	**7.7**	**7.6**	**18.0**	**16.7**

Premium portfolio by type
In per cent

	Unit-linked and index-linked life insurance		Residual debt insurance		Other	
	2018	2017 adjusted	2018	2017 adjusted	2018	2017 adjusted
Austria (AT)	24.9	25.5	0.0	0.0	1.1	1.1
Central Europe (CE)	55.8	53.3	7.3	10.1	18.5	18.1
Eastern Europe (EE)	0.0	0.0	67.4	63.7	2.0	2.6
Southeastern Europe (SEE)	4.1	3.1	0.9	0.8	11.6	10.2
Russia (RU)	0.0	0.0	7.9	6.7	0.0	0.0
Total	**26.2**	**26.6**	**3.0**	**2.7**	**4.0**	**3.8**

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. In accordance with the official mortality table 2010/2012 published by Statistik Austria, the trend of increasing life expectancy continues.

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
2000 – 02	75.5	81.5
2010 – 12	78	83.3

The reduction in the probability of dying at any given age is the cause of 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.

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 possible danger of anti-selection, 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 anti-selection. 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.

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).

The **health insurance** business is operated primarily in Austria (share: 92.9 per cent). 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 at a 1 per cent discount rate as at 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 2018 was approximately 2.80 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 outside of Austria amounts to approx. €77.6 million. The health insurance business from Switzerland was transferred to UNIQA Liechtenstein (approx. €18.8 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 predominantly one-year contracts, the risk of health insurance similar to property technique must be categorised as somewhat low.

Other risks

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.

The **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.

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 **Business Continuity Management 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.

The **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.

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.

The **strategic risk** refers to the risk that results from management decisions or insufficient implementation of management decisions that may influence current 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 on an ongoing basis.

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 or social aspects of the sustainability topics.

44. 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 hazards 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 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.

Vienna, 22 March 2019

Andreas Brandstetter Chairman of the Management Board	Erik Leyers Member of the Management Board	Kurt Svoboda Member of the Management Board

Declaration of the legal representatives

Pursuant to Section 82(4) 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, 22 March 2019

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 2018, the consolidated income statement from 1 January until 31 December 2018, 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 2018 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 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 in auditing 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 data that, in our judgement, had a significant impact on our audit of the consolidated financial statements 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 important data is structured as follows:

- Relevant facts
- Method of audit and findings
- Reference to additional information

1. Measurement of insurance provision and deferred acquisition costs (DAC) for life insurance contracts

- Relevant facts

The carrying amount of €9,979,484 thousand in life insurance provision is determined in accordance with actuarial principles, based on the present value of future benefits to be paid by the UNIQA Insurance Group AG, Vienna, less the present value of future anticipated premiums. This is calculated according to contractually agreed principles. The liability adequacy test (LAT) evaluates whether the established provisions are sufficient. For this purpose a best estimate reserve is compared with the reserves as posted, less the deferred acquisition costs (DAC), plus the unearned revenue liability (URL). Acquisition costs with direct relevance to new business or to the extension of existing contracts are capitalised as DAC (€713,918 thousand) under intangible assets, and amortised over the duration of the contracts. Amortisation is calculated at a proportionate rate equivalent to that of the expected profit margin from these contracts as a proportion of total profits anticipated from life insurance.

The principles used to evaluate insurance provision and the completion of the LAT require numerous assumptions, estimates and discretionary decisions. Minor alterations to these assumptions or the methodologies used could produce a significant change in the measurement.

Based on the relevant facts as described, in our audit we paid particular attention to the measurement of the insurance provision and deferred acquisition costs.

- Method of audit and findings

Across the Group, we have:

- evaluated processes and tested core monitoring,
- involved actuarial specialists from PwC and compared the models and assumptions used with industry-specific knowledge and our professional experience with recognised actuarial practices,
- conducted spot-check comparisons between the data used for the evaluation and basic documentation,
- assessed the plausibility of the modelled findings,
- evaluated that measurement methods were applied consistently, and
- carried out spot-checks to test their appropriateness.

We consider that the assumptions and parameters on which the measurement is based are transparent and appropriate.

- 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” and “5. Technical provisions”.

2. Recognition and measurement of other intangible assets

- Relevant facts

Other intangible assets in the amount of €160,587 thousand mainly comprise software. As part of the investment programme launched in the 2016 business year, significant sums are being invested in renewing the group-wide IT systems, continuing until the 2025 financial year. The first elements of the system already came into operation in the 2017 financial year.

The recognition and measurement of other intangible assets related to the IT systems require discretionary decisions and assumptions and continuous monitoring, particularly where the total costs deviate from planned costs. Furthermore, company-internal contributions require an exact distinction to be made between capitalisable and non-capitalisable cost factors.

Based on the relevant facts as described, in our audit we paid particular attention to the recognition and measurement of other intangible assets in our audit.

- Method of audit and findings

We have:

- evaluated the internal monitoring system established for these IT investments,
- tested elements of the monitoring process,
- compared the accounting and measurement methods used against appropriate benchmarks and against the accounting regulations of IAS 38, based on our knowledge of the industry and our experience,
- made a critical examination of the assumptions with regard to recognition and measurement and
- spot-checked the applied measurement methods.

The accounting and measurement methods used are consistent with IFRS. We believe the assumptions and measurement parameters to be transparent and appropriate.

- 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” and “11. Intangible assets”.

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 auditor 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 an 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, we evaluate 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 we come to the conclusion that a significant uncertainty does exist, we are obliged to call attention to the relevant entries in the consolidated financial statements or, if these entries are unsuitable, 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 communicate 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 provide 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 Group Management Report 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 Group 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 Group Management Report 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 Group 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 Group 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 the statutory auditor by the Annual General Meeting on 29 May 2017. We were appointed by the Supervisory Board on 9 October 2017. 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, 22 March 2019

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. 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 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

The ratio of insurance benefits in property and casualty insurance to premiums earned.

Combined ratio

Total of operating expenses and insurance benefits divided by 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 operating 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. Ratio 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 carried corresponds to 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 measurement, this value must be updated to incorporate proportional changes in equity with the share of net income/(loss) being allocated to consolidated profit/(loss).

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 is 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 to 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.

Overview of key figures 2014–2018

Consolidated key figures – 5-year comparison In € million	2018	2017	2016	2015	2014
Premiums written, including savings portions from unit-linked and index-linked life insurance	**5,309**	**5,293**	**5,048**	**5,211**	**6,064**
of which property and casualty insurance	2,774	2,640	2,518	2,439	2,621
of which health insurance	1,086	1,042	1,004	964	961
of which life insurance	1,449	1,612	1,526	1,807	2,483
Insurance benefits (net)	**–3,627**	**–3,547**	**–3,386**	**–3,671**	**–4,384**
of which property and casualty insurance	–1,690	–1,645	–1,551	–1,554	–1,724
of which health insurance	–901	–878	–844	–782	–781
of which life insurance	–1,036	–1,025	–991	–1,336	–1,880
Operating expenses (net)	**–1,315**	**–1,276**	**–1,286**	**–1,190**	**–1,299**
of which property and casualty insurance	–811	–788	–763	–700	–749
of which health insurance	–184	–168	–175	–154	–167
of which life insurance	–320	–320	–348	–337	–383
Combined ratio after reinsurance (in per cent)	**96.8%**	**97.5%**	**98.1%**	**97.9%**	**99.6%**
Claims rate (in per cent)	65.4%	65.9%	65.7%	67.5%	69.4%
Cost ratio (in per cent)	31.4%	31.6%	32.4%	30.4%	30.2%
Net investment income	**581**	**572**	**589**	**732**	**888**
Earnings before taxes	**295**	**265**	**226**	**398**	**378**
of which property and casualty insurance	120	95	58	71	61
of which health insurance	96	110	96	171	130
of which life insurance	78	60	72	155	187
Consolidated profit/(loss)	**243**	**172**	**148**	**337**	**290**
Earnings per share (in €)	**0.79**	**0.56**	**0.48**	**1.09**	**0.94**
Dividend per share (in €)	**0.53**[1)]	**0.51**	**0.49**	**0.47**	**0.42**
Equity (portion attributable to shareholders of UNIQA Insurance Group AG)	**2,972**	**3,158**	**3,186**	**3,145**	**3,082**
Total assets	**28,616**	**28,744**	**33,639**	**33,298**	**33,038**
Operating return on equity (in per cent)	**10.5%**	**10.2%**	**10.0%**	**17.2%**	**15.6%**
Economic capital ratio – ECR ratio (in per cent)	**205%**	**210%**	**215%**	**182%**	**150%**

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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Information
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This is a translation of the German Group Report of UNIQA Group. In case of any divergences, the German original is legally binding.

Clause regarding predictions about the future
This report contains statements which refer to the future development of the UNIQA Group. These statements present estimations which were reached on 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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