Group Report 2019 / UNIQA Group

Rising to the challenge.

Think UNIQA

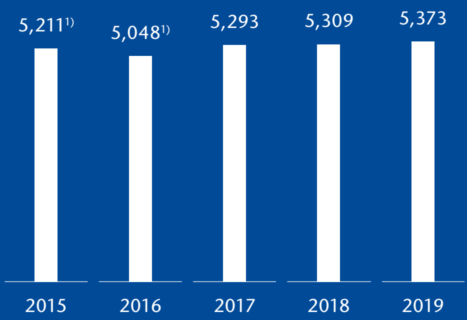
UNIQA Group at a glance

Consolidated key figures
In € million

	2019	2018	Change
Premiums written	**5,062.8**	**4,989.0**	**+1.5%**
Savings portions from unit-linked and index-linked life insurance (before reinsurance)	309.8	320.5	–3.4%
Premiums written including savings portions from unit-linked and index-linked life insurance	**5,372.6**	**5,309.5**	**+1.2%**
of which property and casualty insurance	2,846.8	2,774.4	+2.6%
of which health insurance	1,130.8	1,086.4	+4.1%
of which life insurance	1,394.9	1,448.6	–3.7%
of which recurring premiums	1,290.3	1,335.8	–3.4%
of which single premiums	104.6	112.7	–7.2%
Premiums written including savings portions from unit-linked and index-linked life insurance	**5,372.6**	**5,309.5**	**+1.2%**
of which UNIQA Austria	3,800.8	3,734.4	+1.8%
of which UNIQA International	1,561.2	1,564.6	–0.2%
of which reinsurance	1,129.2	1,098.3	+2.8%
of which consolidation	–1,118.7	–1,087.9	+2.8%
Premiums earned (net)	**4,861.1**	**4,760.7**	**+2.1%**
of which property and casualty insurance	2,678.4	2,584.1	+3.7%
of which health insurance	1,123.0	1,080.3	+4.0%
of which life insurance	1,059.6	1,096.3	–3.3%
Savings portions from unit-linked and index-linked life insurance (after reinsurance)	309.8	320.9	–3.5%
Premiums earned including savings portions from unit-linked and index-linked life insurance	**5,170.8**	**5,081.7**	**+1.8%**
Insurance benefits[1)]	**–3,657.1**	**–3,633.7**	**+0.6%**
of which property and casualty insurance	–1,719.5	–1,690.1	+1.7%
of which health insurance	–960.3	–908.0	+5.8%
of which life insurance[2)]	–977.3	–1,035.7	–5.6%
Operating expenses (net)[3)]	**–1,407.1**	**–1,314.7**	**+7.0%**
of which property and casualty insurance	–861.2	–811.0	+6.2%
of which health insurance	–187.8	–183.9	+2.2%
of which life insurance	–358.1	–319.8	+12.0%
Cost ratio (net after reinsurance)	**27.2%**	**25.9%**	–
Combined ratio (net after reinsurance)	**96.4%**	**96.8%**	–
Net investment income	**585.2**	**585.0**	–
Earnings before taxes	**295.7**	**294.6**	**+0.4%**
Profit/loss for the period	**236.5**	**235.1**	**+0.6%**
Consolidated profit/loss	**232.4**	**243.3**	**–4.5%**
Operating return on equity	**10.6%**	**10.5%**	–
Investments	**20,624.8**	**19,337.1**	**+6.7%**
Shareholders' equity	3,401.0	2,972.1	+14.4%
Equity, including non-controlling interests	**3,420.4**	**2,986.6**	**+14.5%**
Technical provisions (net)[4)]	22,087.0	21,644.8	+2.0%
Total assets	**28,728.4**	**28,503.8**	**+0.8%**
Number of insurance contracts	20,923,632	20,373,488	+2.7%
Average number of employees (FTE)	**13,038**	**12,818**	**+1.7%**

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

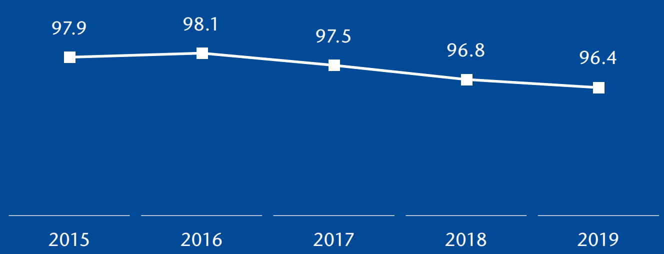
Premiums written
In € million



[1] Excluding Italy

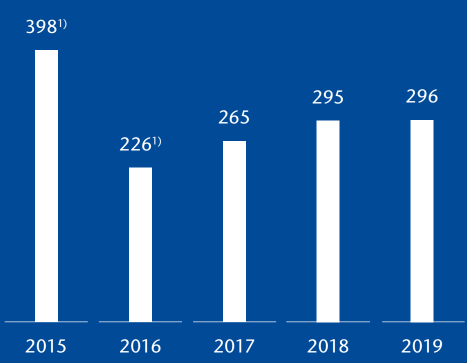
(Including savings portions from unit-linked and index-linked life insurance)

Combined ratio
In per cent



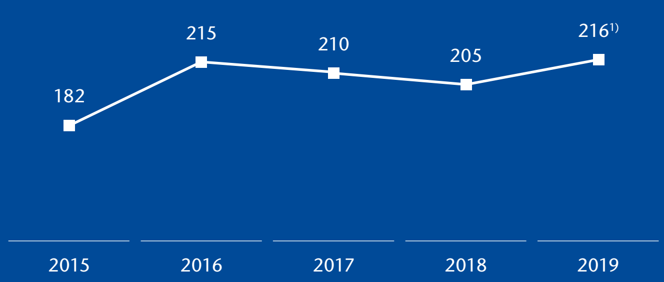
(After reinsurance)

Earnings before taxes
In € million



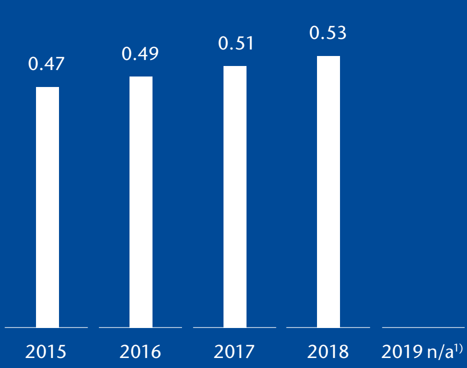
[1] Excluding Italy

Economic capital requirement ratio (ECR/SCR ratio)
In per cent



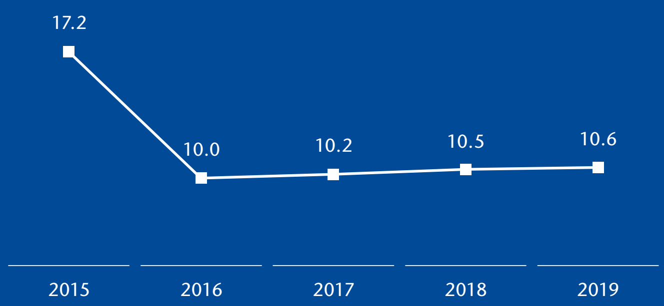
[1] 2019: solvency capital requirement (SCR)

Dividend per share
In €



[1] The Supervisory Board reserves the right to review and/or approve the proposal for the appropriation of profit submitted by the Management Board due to the COVID-19 crisis until further notice.

Operating return on equity
In per cent

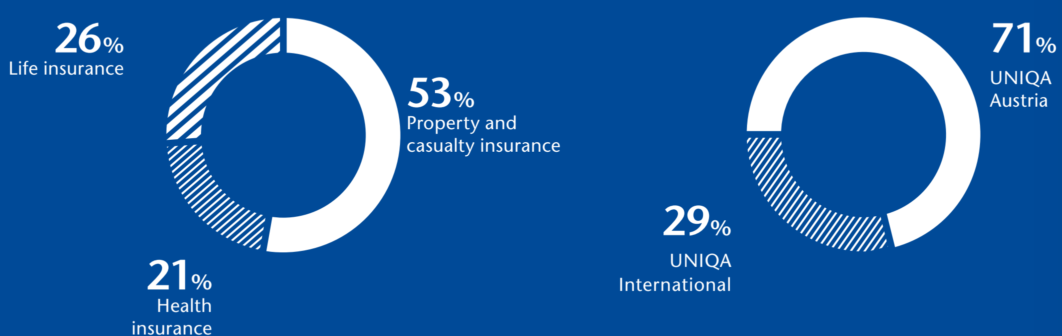


Definitions of the essential key figures can be found in the glossary on page 176.

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 19,200 employees and exclusive sales partners serve 10.5 million customers across 16 countries. Commanding a market share of around 21.4 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

[1] Evaluated externally

[2] Reviewed

Rising to the challenge.

In the following pages, we review the past financial year and deliver our accountability report to you as our shareholders. 2019 was the last full year of our strategic programme UNIQA 2.0, launched in 2011, and was in many respects a very pleasing year. The key features: continuing growth in the volume of premiums and profit from ordinary activities, further improvement in the combined ratio and a sound income performance from capital investments. The review is, therefore, very positive overall.

However, this time the prospects for the future are much more ambivalent. As we worked on preparing this report, the world was undergoing profound changes due to the spread of the coronavirus, and none of us knows what the coming weeks, months and possibly years will bring. But one thing is certain: we are resolute in facing this challenge and the radical developments in our sector. Consequently, we remain confident that we will emerge from this period of uncertainty with renewed strength. After all, we will continue to support our customers and shareholders in living safer, better and longer lives in future as well.

Highlights of 2019

UNIQA ACQUIRES AXA SUBSIDIARIES IN CEE

Around five million customers, 2,100 employees and €800 million in premiums – these are the key data of the companies of the French AXA Group in Poland, the Czech Republic and Slovakia which UNIQA is acquiring in 2020, subject to legal approvals. The objects of purchase are life and non-life insurance companies, as well as securities companies, pension funds and service companies belonging to the AXA Group in these three countries. The purchase price is around €1.0 billion. The acquisition of these companies makes UNIQA the fifth largest insurance group in the growth region of Central and Eastern Europe. The Group is thus investing in three growth markets in Eastern Europe, in which more than 50 million people live and whose economies have expanded much faster than Austria's in recent years. With average growth rates of 3 per cent over the last ten years, the growth rate of the GDP of these countries is significantly higher than that of Austria, which was about 1.6 per cent.

UNIQA creates a new household insurance "Chilli"

Aiming specifically to meet the needs of flexible customers, for the first time our new household insurance can be terminated on a month's notice. Long contract periods are now a thing of the past. "Chilli" can be taken out online with just a few clicks. When the insurance no longer fits with the customer's life plan, it can be cancelled just as conveniently and easily on a monthly basis.

UNIQA streamlines corporate group structure

By merging UNIQA Österreich Versicherungen AG and UNIQA International AG, we are preparing to implement the UNIQA 3.0 strategy programme and at the same time equipping ourselves for economic challenges and stronger competition. The merger of the two enterprises planned for 2020 will make our company significantly more customer-oriented, slimmer and more efficient. The listed UNIQA Insurance Group AG will continue to exist as a holding company until further notice, but will transfer all other functions, in particular all internal Group services, together with its shares in some service companies to UNIQA Österreich Versicherungen AG. The reinsurance business is to be transferred to UNIQA Österreich Versicherungen AG and UNIQA Re AG. Together with the merger, the Management Board has also been streamlined, enabling an even stronger focus on the rapidly changing needs of private, commercial and industrial customers: three Management Board members in the function "Customers & Markets" – divided into three areas, "Austria", "Bancassurance Austria" and "International" – will in future be supported by six Management Board members with Group functions.

Life is more carefree with an accident prevention package

Prevention is more than just health and pension insurance; a far-sighted minimisation of risks is also important. This is why we are now offering a prevention package as an attractive add-on module in accident insurance, true to the motto “safer, better, longer living”. Once a year, our customers can choose between an Austrian Automobile, Motorcycle and Touring Club (ÖAMTC) driver safety training or a first aid course at the Austrian Red Cross, make use of UNIQA VitalCoach units or have their fitness profile created.

We have also improved our accident assistance package: now domestic help to support patients after an accident no longer depends on a hospital stay, and UNIQA also takes care of transport to outpatient follow-up treatments. On request, we can also arrange for a second medical opinion after an accident.

Claims settlement in Romania is now completely automatic

A Romanian customer of UNIQA has to wait a mere 30 minutes for his motor vehicle claim to be settled. At our Romanian subsidiary, a digital assistant by the name of ANA is now handling claims up to €500. Our comprehensive vehicle insurance customers benefit from this convenient and quick solution – and UNIQA proves once again to be an innovator, because we are the first insurance company with such a digital concept in the Romanian insurance market. And the trend goes on: ANA uses machine learning, so algorithms and processes of the application are continuously optimised. In addition, ANA will also be used in future for household insurance claims.

UNIQA IS THE FIRST INSURANCE COMPANY IN AUSTRIA TO RECEIVE A SUSTAINABILITY CERTIFICATE

After phasing out coal-based business and entering into other voluntary commitments, we have not only proved to be a pioneer in terms of investment, but also in terms of awards: we were the first insurance company in the country to receive the ÖGUT Sustainability Certificate in Bronze by the Austrian Society for Environment and Technology. As early as 2018, we had already analysed our investment portfolio according to internationally recognised Environmental, Social and Governance (ESG) criteria. A good 40 per cent of our assets achieved three points, the highest score. Based on this positive result, we have developed our own guidelines for responsible investing, and since then have consistently taken social and ecological criteria into account in our investment decisions. After all, we are convinced that sustainable investments will also be economically profitable in the long term.

UNIQA Insurance Platform: the second product goes live

In June 2019 we reached a further milestone in our largest IT programme – the renewal of our core systems – when the second product went live. Unit-linked life insurance policies concluded through UNIQA’s exclusive sales organisation are now also managed in the new IT core system. And our team is already working at full speed to incorporate classic life insurance for both bank sales and UNIQA sales. The go-live is scheduled for June 2020. Other focus points are the migration of our existing life insurance contracts to the new system and the start of the implementation for property and casualty insurance.

Individual genetic testing for a healthier life

Lifestyle DNA analysis helps UNIQA customers to adapt their nutrition to their personal needs. The science-based genetic test shows which foods support your health and performance, how you can optimally train your endurance and muscle strength, and where your health opportunities and risks lie because of your genetics. The lifestyle DNA analysis is available to customers who have an UNIQA VitalPlan or a VitalCheck in their contract.

Dear ladies and gentlemen,
dear shareholders,

The 2019 financial year, which formed the keystone of the UNIQA 2.0 strategic programme that we unveiled back in 2011, was a pleasing one in every respect:

1. **Profit from ordinary activities of €296 million** exceeded our expectations and matched the previous year's figure even though that had included some €47 million in extraordinary income from the sale of our shares in Casinos Austria AG. Another particularly positive development here was the fact that the growth markets in the CEE region are making an ever-increasing contribution to Group earnings – an impressive €71 million in 2019. By contrast, the environment of persistently low interest rates is having a negative impact, most notably on the longer-term life and health insurance market in Austria. This pushed our domestic market's contribution to profit from ordinary activities down to €169 million in 2019.

2. The trend in the operating business was shaped by **premium growth marginally above our expectations at 1.2 per cent** (+2.6 per cent in property and casualty insurance, +4.1 per cent in health insurance and –3.7 per cent in life insurance) as well as a **further improvement in the combined ratio to 96.4 per cent** in net terms. This brings us one step closer to our objective of reaching 95 per cent in 2020.

3. Our investing activities also proved robust, generating **net investment income of €585 million**, or **a total return of 2.8 per cent**. This is a very pleasing result for 2019 with interest rates still so low.

4. Despite the noticeable impact of this low-interest-rate environment, our solvency ratio (SCR) stood at 216 per cent at the end of 2019, i.e. before factoring in any effects from the acquisition of the AXA Group's subsidiaries in Poland, the Czech Republic and Slovakia.

> "... we will certainly treat the many rapid changes facing our industry with respect. Nevertheless, we are also conscious of the many attractive opportunities ..."

Ladies and gentlemen, the **2019 financial year does not only mark the final keystone** of our long-term UNIQA 2.0 programme unveiled in 2011. **It also lays the foundations** for the new phase of our strategy – UNIQA 3.0 – from 2020 to 2024. Why will these next five years be so especially important for UNIQA?

Over the past nine years, the global insurance business has seen a revolution on an unprecedented scale: in 2016 Solvency II completely rewrote the rulebook for our industry. The interest rate situation has been causing a large number of European companies fundamental problems for a few years now, forcing some of them into drastic action. Technological developments in areas such as digitalisation and artificial intelligence have propelled their way into our sector at breathtaking speed. Ultra-nimble insurtech and fintech companies are mounting a daily assault on traditional insurers. The boundaries separating insurance from other industries such as automotive, data science and health are disappearing. Young, talented individuals fresh out of school or university have a wealth of attractive job opportunities to choose from all over the world, and the really good ones amongst them rarely give insurers a second thought. On top of this, the expectations of our customers are evolving rapidly – the benchmark for top-quality service fit for the modern age is being pushed upwards on a daily basis by individuals' experiences in their personal lives.

We have changed too in these nine years. We have become a different UNIQA. A much better one, we would like to think. We have grown, because we have kept our brand promise and because we have doubled our customer numbers by 7.5 million to some 15 million – despite the withdrawal from the German and Italian markets, and taking account of our planned transaction with France's AXA Group. We have changed a lot of processes, taking a few wrong turns along the way. We have embarked on some major projects, including a complex and cost-intensive transformation of our business and IT landscape that will take several years. And we have significantly improved our capital base and thus our earnings capacity, primarily through our IPO in October 2013.

However, this will not be enough to maintain excellence over the long term – all the more so in the wake of the coronavirus crisis, which is currently placing question marks over any attempt to predict the future. Nevertheless, we will be making our existing business model much better and leaner once again while also having to make disruptive innovations available to our customers more quickly. In other words, we will undergo another transformation, just as we have been doing since 2011 as part of UNIQA 2.0. Our strategic programme for the next five years, UNIQA 3.0, is designed to give us the signposts and milestones for this journey.

We will create the necessary **structural framework** by September 2020, which will take retroactive effect from 1 January 2020 in terms of the balance sheet: we are **streamlining our Group structure** by merging UNIQA Österreich Versicherungen AG with UNIQA International AG. This "New UNIQA Österreich Versicherungen AG", which will be responsible for all the Group's primary insurance business, will remain a wholly owned subsidiary of the listed company UNIQA Insurance Group AG. Unlike now, however, UNIQA Insurance Group AG will be purely a holding company and will cease all its operating activities. UNIQA Insurance Group AG and "New UNIQA Österreich Versicherungen AG" will share the same Supervisory Board and Management Board.

We intend to present the details of UNIQA 3.0 to you towards the end of 2020. However the next few weeks and months play out, we will certainly treat the many rapid changes facing our industry with respect. Nevertheless, we are also conscious of the **many attractive opportunities** presenting themselves to financial service providers – enabling them to offer their customers added value that sets them clearly apart from their competitors and a brand promise that they can trust.

> "We remain confident that, once again, we will emerge from this period of uncertainty with renewed strength."

Ladies and gentlemen, the impact of the coronavirus crisis has made the full force of its presence felt for every single one of us over the past few weeks. Every day brings new information, new findings and new changes. We would ask for your understanding if some passages in this foreword, which has been revised several times, give the impression, when you come to read them, that the developments surrounding COVID-19 have overtaken us again since our editorial deadline. That actually might have been the case.

It is difficult to make predictions, especially about the future. This statement, meant ironically, fits the current situation very well. For us too, the circumstances we find ourselves in are bringing an unfamiliar level of vagueness to our forecasts. However, we remain confident that, once again, we will emerge from this period of uncertainty with renewed strength.

I would like to conclude by giving you my heartfelt thanks, on behalf of everyone who works at UNIQA, for your interest and trust in our Group. I hope that we will continue to play a small part in making sure that not only our customers but also, and in particular, **you, our shareholders, live safer, better and longer lives.**

Vienna, April 2020

Best regards,

Andreas Brandstetter,
on behalf of the Group Executive Board

Who we are

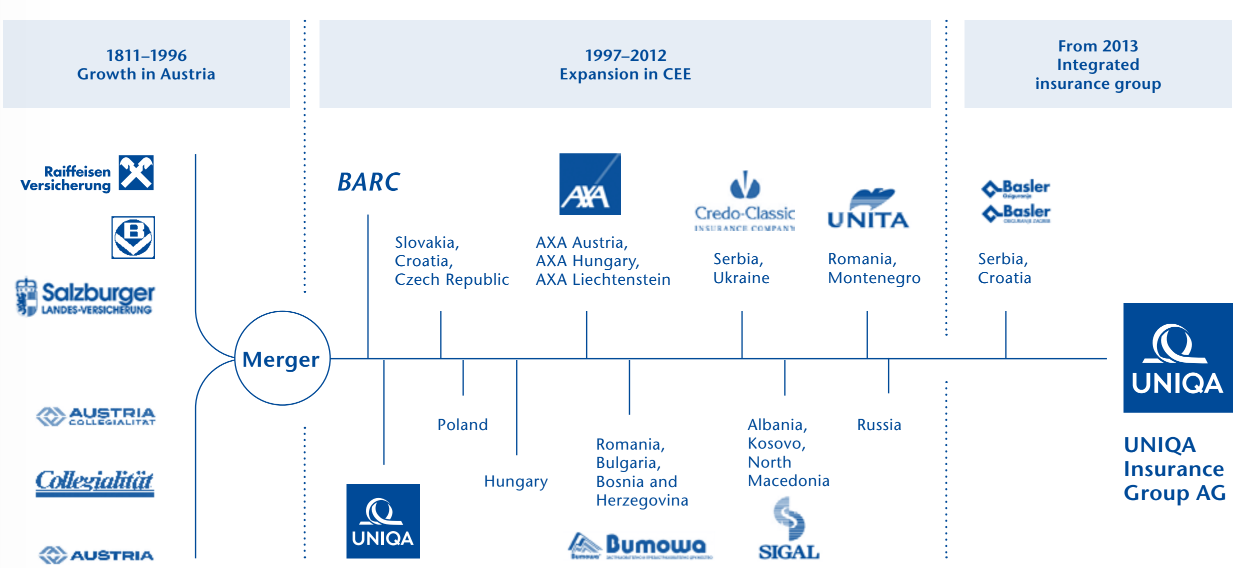
Four words are enough to describe UNIQA's mission: our customers should enjoy safer, better and longer living.

Think
safer, better,
longer living.

As a service provider, we want to use our products and services to the best of our ability 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 work towards this goal – despite all weaknesses – with a sense of delight and commitment.

In business for over 200 years



Strong position in Austria, focused on growth in CEE

Austria and CEE are our two core markets. Both are crucial to the success and future potential of the UNIQA Group. While traditionally firmly anchored in Austria, we are pursuing a course of consistent growth in CEE.

Austria: Strong brand creates solid basis

For more than 200 years, we have been operating our insurance business in our domestic market of Austria. With a market share of around 21.4 per cent, we are the second-largest Austrian insurance company, and rank first in the health insurance segment. We support 3.7 million customers in Austria, either directly or through 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. Solid macroeconomic data, a stable political environment and prudent regulation also allow us to be optimistic towards the future. The growth potential: on average, Austrians currently spend €1,960 each year on insurance. Compared with other Western European countries, this is still relatively low, especially given the high standard of living.

CEE: Economic growth is driving insurance density upwards

People in the CEE region are still far from insurance expenditures of this magnitude. CEE currently accounts for only around one third of the Group's premiums, with an average annual premium per person of €216. But the region is catching up: 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.

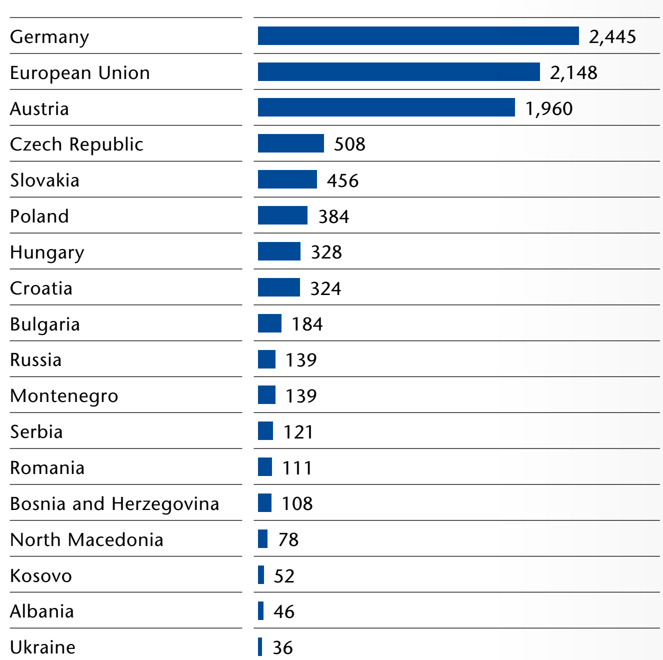
For us, this represents an attractive potential: already two thirds of our customers – nearly 6.8 million people – live in our markets in CEE. The region, with its population of around 155 million people – about 300 million if we include Russia – has experienced a noticeable economic recovery since 2016. And as the overall economic situation continues to improve, the insurance density is also increasing.

The reason is that, 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.

We want to take advantage of this growth potential, and in doing so, we will also rely on our strong sales force and our proven partnership with Raiffeisen in CEE: our sales cooperation with Raiffeisen Bank International (RBI) gives us direct access to about 13.7 million Raiffeisen customers in twelve countries.

CEE shows great growth potential

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.

Shaping the future 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 essential: a passion for UNIQA and a desire to play an active role in shaping its future.

The central principle here is that we want to support our customers in living safer, better and longer lives. And we want to create the same culture within the company that we project to the outside world.

Welcome aboard

When new employees start at UNIQA in Austria, we introduce them to the company with our comprehensive onboarding programme FIT4UNIQA. Since 2019 this event has been held at the start-up hub weXelerate, where UNIQA Ventures GmbH is also based.

At FIT4UNIQA we focus on three areas: networking with other employees, learning about the "UNIQA universe", and getting to know various high-profile members of the UNIQA community, including our CEO Andreas Brandstetter. Around 250 new employees from all over Austria visited FIT4UNIQA in 2019 alone.

ONBOARDING

250 new employees are FIT4UNIQA.

In order to draw talented people's attention to UNIQA as a potential employer at an early stage, we particularly focus on contact with high potentials through university exchanges. For instance, we are one of the main sponsors of the WU Center of Excellence, and we also support various events at the University of Vienna. We regularly have a booth highlighting the professional opportunities in the UNIQA Group at Austria's largest career fair, Career Calling. In 2019 we were at the TGM career fair for the first time. Our international subsidiaries also participate in various career fairs in their respective countries.

Employer in 16 countries

Training & continuing education

Continuing education is part of everyday life at UNIQA. E-learning has been available to all employees in field sales and the back office for some time, including via smartphone since 2018. More than 4,000 employees have used this form of learning since it was introduced in 2002.

E-LEARNING

More than 4,000 employees have used this form of learning since it was first introduced.

In addition, we are constantly working to adapt and improve our internal training and continuing education programmes. Since the beginning of June 2019, for example, all our employees in Austria have had access to 67 online training courses from GoodHabitz, a company specialising in online courses. The training courses are a mixture of a modern library and a wide range of videos; the topics range from mindfulness to goal-oriented work. A new online training course is added every month.

NEXT AT

42 training sessions with a total of 547 Austrian managers from September 2017 to June 2019

Leading & promoting

UNIQA has also been breaking new ground for several years with its managerial training programme. Our concept is a voluntary programme based on individual responsibility and flexibility, with modules that can be freely selected and combined.

In 2019 the modular management programme NEXT AT – which is offered to all Austrian managers – was once again very popular: 42 training sessions were held between September 2017 and June 2019, with a total of 547 participants; the average number of bookings per manager was 2.4. The module most frequently chosen by this target group was "Motivation".

As part of a pilot project in early summer 2019, selected managers were also given the opportunity to participate in two new workshops: "Safer, longer, better living" and "Agile leadership", with the prospect of creating a new management programme. In spring 2019 the workshop "Healthy leadership" was also held for an extended group of managers.

Developing & thinking ahead

As part of our strategic HR policy, we identify our high-potential employees, and show how much we value them by promoting their development.

In June 2019 80 select managers from throughout the UNIQA Group completed a one-week training programme at the renowned Harvard Business School in Boston. In this programme they learned a great deal about the success criteria for change management and the transformation of companies by studying business cases and by participating in interactive lectures and intensive group activities. Development-oriented assessments, development plans, coaching, and peer group meetings completed the offer. One particular focus was to introduce the participants to modern, agile working methods in order to define a "new way of working" for UNIQA. The knowledge acquired at Harvard is now being actively applied by the participants to drive the transformation of our company forward with regard to the UNIQA 3.0 strategy programme.

HARVARD

80 selected managers from throughout the UNIQA Group completed a one-week training programme at the renowned Harvard Business School in Boston in June 2019.

In 2019 we held management reviews for all the executives at UNIQA International in order to identify talent, and to create individual development plans. By having a uniform design and a central control point for this process, we create a common understanding of the leadership skills we are looking for in the Group.

In addition, there were four Development Centers with 15 participants in Austria in 2019. The aim of this initiative was to identify potential on the basis of company- and sector-specific criteria, and to define concrete development measures that will prepare participants optimally for the current and future requirements of the UNIQA Group.

We deploy talent in Group-wide projects, and thus support them in their development on the job. With this method we can simultaneously use high-potential employees to both participate in projects that are critical for success and promote networking across national borders.

Equal & equal – diversity at UNIQA

In 2019 we once again launched several initiatives to promote diversity; we held awareness workshops with all Management Board members in Austria on promoting women in management; we also offered the first pilot awareness workshops on generation management to selected managers and participant teams.

With the new event format "Get ready", a platform is now open to all interested UNIQA employees where they can discuss equality for the future. The platform is a mixture of various formats, including dialogue, discourse, an internal think tank, panel discussions and short lectures on current topics. In 2019 the focus was on the topics "Pension gap: need and reality" and "Women and careers at UNIQA". Both internal and external experts were invited to participate. In total, over 130 people took part in the events. "Get ready" will be held regularly in future.

"GET READY"

130 participants at a new type of event on the topic of diversity

In 2019 we refocused our diversity efforts on people with disabilities: UNIQA hosted the cross-sector event myAbility Lounge, which took place in the UNIQA Tower.

In cooperation with the start-up Sindbad, we recently began supporting students from secondary schools in successfully launching their training or apprenticeship. Young people are guided by personal mentors from UNIQA headquarters on their path to further training in an innovative one-to-one mentoring programme. The mentors themselves participate in workshops, where they are coached by professional trainers, to expand their social skills and take on social responsibility. We are making it possible for nine UNIQA employees to take part in this individual training offered by Sindbad.

Motivated & engaged

In 2019 we again conducted a comprehensive UNIQA Group employee survey in Austria and at the international locations of UNIQA IT Services GmbH (UITS). The focus was on work situation, work processes, management culture, goal orientation, professional development and corporate image. The results support the conclusions from the previous survey from 2017, but also provide new insights into the set of questions surrounding generation, career opportunities for women, and how mistakes are handled.

All 2019 results have improved compared to the previous survey. The UNIQA Index – the average value of all answers, the "barometer of the overall weather situation" so to speak – is 76 out of 100 points. In 2017 the score was 71 points. The participation rate also rose from just under 72 per cent of all those approached in 2017 to 79 per cent. Top ratings are given to the support by the respective manager, UNIQA's attractiveness as an employer and the way UNIQA promotes personal responsibility.

With a strong 86 out of 100 points, two questions received particularly high ratings: firstly, UNIQA is seen as an attractive employer; and secondly, the participating employees expressed a high level of loyalty and their intention to continue working for UNIQA for many years to come. This is also reflected in the Engagement Index, which, at 84, was again very high compared to the previous survey (2017: 81). Overall employee satisfaction rose from 77 (2017) to 82 points.

UNIQA GROUP EMPLOYEE SURVEY

Increase in the overall satisfaction of employees in Austria and at the international locations of UNIQA IT Services GmbH (UITS) from 77 to 82 points

After adding Poland, the Czech Republic, Slovakia (including the UNIQA Group Service Centre), Romania, and Bosnia and Herzegovina in the previous year, the 2019 UNIQA Group Employee Survey was offered in Ukraine for the first time. The participation rate was 73.7 per cent; the UNIQA Index was 76. Here again, the best ratings were given to the support by the respective manager with 82 points, the working time model with 84 points, and UNIQA's attractiveness as an employer (87 points). As in

Austria, the Engagement Index was 84 points, and overall satisfaction was 79 points.

Succeeding & participating

UNIQA grants variable remuneration components in order to emphasise the importance of strategic company goals, and at the same time to allow all employees to participate in the success of the company. This approach is one of the fundamental principles of the Group.

The UNIQA employee participation programme is a profit-sharing plan that applies to all employees in the office and in the field who do not participate in the bonus programme for managers and experts. This bonus is intended to express our recognition for the commitment and performance of our employees, but it also represents a leap of faith for the future. This is because a high level of commitment continues to be required in order to achieve our ambitious goals in times of rapidly changing customer expectations and to continue to successfully drive our strategic initiatives forward.

Work & life balance

Our multi-faceted and diverse offerings allow employees to experience the "better living" that is part of UNIQA's DNA: including UNIQA's Children's Days, the holiday circus camp for employees' children that is part of our Family Day, UNIQA's Daughters' Day, along with various health incentives through the UNIQA VitalCoaches (including krav maga, Pilates, Sing@Work), massages, options for a "daddy month" after the birth of a child, annual get-togethers for employees who are on parental leave, the "Healthy Management" workshop, the KEEP BALANCE mental health hotline and the Mystery Lunch. Additionally, we offer services such as dry cleaning (located directly at the head office) and a pharmacist delivery service with employee discounts – UNIQA presents plenty of opportunities to make everyday life easier for employees and to promote a positive work/life balance.

Think together we grow.

Think UNIQA

Group Executive Board

Andreas Brandstetter, 50
has been the CEO of the UNIQA Group since July 2011. Prior to that, from 2002 he was a member of the 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.

Erik Leyers, 50
has been a member of the UNIQA Group Management Board since 2016 and Group-wide head of the function Data & IT since January 2020. 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 & Company.

Kurt Svoboda, 53
has been a member of the UNIQA Group Management Board since 2011 and is responsible for the functions Finance and Risk Management. In this role, he has also held Group-wide responsibility 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, Andreas Brandstetter, Kurt Svoboda

What 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

Protecting assets

When it comes to damaged belongings, many people immediately think of insurance. And indeed: probably the oldest insurance contracts (dating back to antiquity) were taken out by seafarers and shipping companies to protect their ships and their cargo. The idea behind this insurance is to transfer an individual risk, in return for payment, to a larger collective that makes up for the loss of assets in the case of possible damages.

Even today, property insurance still occupies the most important place among the various forms of insurance. This is also true for UNIQA: around 53 per cent of the premiums written in the Group are generated in this line of business.

The "classic" insurance …

Hedging fundamental risks

Property insurance covers fundamental human belongings and needs: housing (which is one of our basic needs), property, mobility and damage caused by accidents or natural disasters. The goal is always to protect against major financial losses in the event of a loss. This applies to private individuals as well as businesses. We stand by our customers in the event of property damages as well as operational interruptions and disruptions or, more recently, damage caused by cybercrime.

A broad range of topics and products

The UNIQA Group offers a wide choice of property and casualty insurance products. 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. We supplement the insurance against operational interruptions and cybercrime with business-relevant add-on modules such as technical, termination and all-risk insurance, as well as our own industry-specific solutions like the agricultural insurance bundle. Here too, the basic insurance module can be expanded with various attractive, extra services. These include the UNIQA ServiceBot which helps customers navigate through UNIQA's numerous service and product offerings and various hotlines like the Anwalt PLUSservice for legal advice over the telephone, the Zuhause PLUS24service that arranges for services including plumbers, locksmiths and electricians in the event of damage, and the 24-hour emergency service specifically for businesses.

Innovation at work

As in the other business lines, the UNIQA Group is constantly fine-tuning its product and service portfolios in property insurance to meet new requirements and needs in order to stay attractive to our customers. Above all, the topics of home and mobility are currently undergoing significant changes.

One example of this is the so-called "smart home", with which an interesting new business model is now developing in the homeowner sector. After all, the digital home also calls for new insurance products and this means interesting potential for us. Digitalisation is also giving rise to many new opportunities when settling claims, using customer-friendly online services.

Trends such as car sharing and self-driving cars could bring a huge change to the automotive sector. People, especially in urban areas, are increasingly relying on the principle of using instead of owning. It is clear that this will also have an impact on the insurance solutions needed. And in the case of self-driving cars, the question arises as to whether the software or the product manufacturer bears the responsibility in the event of an accident. Here too, UNIQA is called upon to develop innovative insurance solutions that meet the needs of the market. At the same time, the safety requirements for vehicles are becoming more and more stringent. For example, according to an EU regulation, all passenger cars and light commercial vehicles newly registered after the end of March 2018 must be equipped with an automatic emergency call system. With our SafeLine product, we have long been offering a perfect solution for this purpose which has proven itself over the last ten years.

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 refrains from using their mobile phone while driving. Around 100,000 customers have already embraced the benefits of this product. And this helps prevent accidents.

… generates around

53 per cent

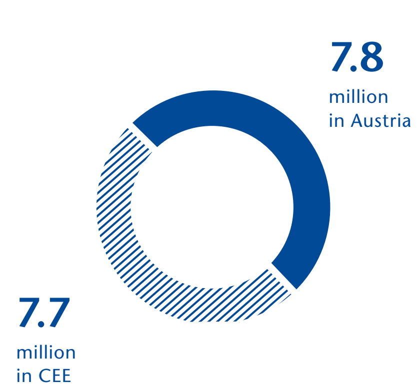
of the group premiums

From private individual to global corporation

As mentioned, around 53 per cent of the premiums written by the UNIQA Group come from property and casualty insurance. At 70 per cent, the private customer business accounts for the largest share. But all kinds of companies and organisations – from the sole proprietorship to globally operating corporations, from public institutions to regional associations – rely on us as well. Our customers take out most property and casualty insurance policies for a short term, usually of up to three years. The broad spread of these risks across a great many customers and the relatively short maturity allow for moderate capital requirements, therefore making this business segment attractive.

In Austria, UNIQA accounts for approximately 46 per cent of the total premiums in property and casualty insurance; in CEE this figure is even around 69 per cent. Whilst customers in Austria utilise our full range of products, in CEE motor vehicle insurance has dominated to date with a premium share of around 35 per cent. Insurance penetration is also significantly higher in Austria, for example, in household insurance: 98 per cent of the population take this product for granted while in the CEE region only one in two people do, although the trend is rising there as well.

15.5 million contracts in property and casualty insurance



Life insurance

Providing for the future

Saving for a rainy day: we all long for personal financial security – both for the people who are especially important to us and for ourselves. In times of plenty, people have always created stockpiles and set aside financial reserves for later.

Today this protection is particularly important for the chapter of our life after we retire. And when taking a look at the state pension systems, it is also worth taking personal initiative. The Republic of Austria, for example, needs to pump the considerable sum of almost €9 billion into the pension system each year just to keep it alive.

People who do not want to rely upon it resort to a 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 multitude of products in this business segment, which is the second largest in the Group in terms of premiums.

Regular savings or single premium

Our customers have two options: the classic capital-forming and unit-linked life insurance. They can choose either the traditionally more popular savings scheme, or go for a single premium alternative. The customer acquires the right to a one-time payment or a life-long pension. As soon as they retire or reach a certain age, the insured event occurs and they receive the agreed benefit.

So-called "biometric products" provide extra protection 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. For corporate clients we also offer modular packages with company pension and termination payments. Private customers in particular enjoy the high degree of flexibility this offers, adaptable to people's living situations which will change over time just as much as their financial situation does. In many cases, customers are free to design their UNIQA life insurance policy and to modify it throughout the term of their contract. This includes not only the amount of the premium and the chosen form of investment, but also the beneficiaries named in the policy, adding additional coverage and much more.

Financial security in old age

UNIQA fills the innovation gap

The conventional life insurance model is currently facing major challenges in Central and Eastern Europe, mainly due to the historically low interest rates which are a burden on all forms of long-term savings and investment. This means that we, too, must design new products that provide a reasonable balance between return, investment and costs for both customers and for UNIQA.

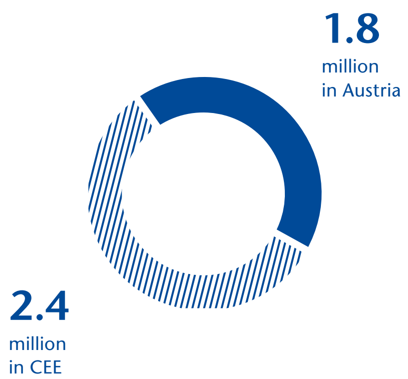
That was one of the reasons why, as early as in December 2014, UNIQA was the first insurance provider in Austria to introduce a brand-new model for classic life insurance to the market. Its main features are the elimination of the discount rate and a 100 per cent capital guarantee on the net premium. The product is not only flexible and transparent, it also distributes the costs fairly. For example, we do not take the commission – the acquisition costs for sales – up front, but rather out of the income generated, distributed over the entire term of the insurance. This guarantees customers a high buy-back value right from the start.

In unit-linked life insurance, too, we have been offering a completely newly designed version since 2017 that is – once again – unique in the market. The new product is particularly interesting for young people who still have more than 15 years to contribute to their savings. The significantly lower issue surcharges and the resulting lower costs also make this life insurance very attractive.

Servicing 4.2 million contracts

As mentioned above, with around 26 per cent of the premiums written by the UNIQA Group, life insurance is the Group's second-largest business area. Private individuals account for 95 per cent of the total premium volume, the rest comes from corporate customers for occupational pension and termination insurance. UNIQA manages an impressive 4.2 million contracts in this sector. Around 71 per cent of the premiums written in the life insurance segment come from Austria, with CEE contributing the remaining 29 per cent. In Austria, life insurance accounts for around 26 per cent of total premiums, and in CEE it is also 26 per cent. As in other areas, the CEE region in particular offers interesting growth potential, as the steadily rising standard of living is also increasing the need for long-term security.

4.2 million contracts in life insurance



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

Health insurance

In the service of health

For decades, one of UNIQA's core competencies has been health insurance. With a 46 per cent market share, we are the undisputed leader in our home market of Austria. For many people in this country, health insurance and UNIQA are simply one and the same.

In CEE, however, the health insurance business is still in its infancy, because investing in one's own health requires a certain standard of living. Since prosperity is rising there as well, the potential is even larger. Both here and there, we want to give people access to better medical care with a wide range of services, and we want it to be fast and affordable. We also want to advise and support our customers through supplementary services, motivating them to adopt a healthy lifestyle.

For every need

Good health is a must when it comes to well-being, quality of life and leading an active life. That explains why this topic regularly ranks first in surveys of what really matters in people's lives. UNIQA's offer is spot on when it comes to meeting this elementary need: when people are ill, they want to receive high quality treatment and as quickly as possible. People attach high importance to being treated by their trusted physician at their chosen hospital, they want to avoid excessive waiting times in hospital outpatient departments and doctor's surgeries. These are some of the reasons why more than 30 per cent of Austrians have private health insurance.

Growth potential in future as well

The best medical care possible

Depending on the type of contract, our customers are guaranteed high-quality medical care: outpatient treatment by established private doctors or inpatient treatment in a hospital's premium category. This includes the free choice of hospitals and doctors as well as convenient appointment scheduling for diagnosis and treatment. We cover all forms of illness and/or therapy with this insurance, ranging from premium treatment in the hospital to dental implants. Some packages are also available online.

The wide range of offerings makes an impact. Of the 2,000 Austrians with private health insurance that were asked in 2017, 80 per cent rated their state of health significantly better than respondents without private healthcare, of whom only 65 per cent were satisfied with their health.

Consultation and prevention

As a responsible insurance provider, the UNIQA Group considers its wide range of consulting and other services to be a matter of course. The hotlines and digital consultation platforms that we use to support our customers in navigating the increasingly complex healthcare system are a key element of these services. For example, the Med PLUS24service 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,

LARA NETWORK MAKES DOCTOR'S VISITS EASY

Around 6,600 UNIQA customers can already take advantage of direct billing in an Austria-wide network of laboratories, doctors, X-ray institutes and pharmacies – LARA for short – that has been built up over the last few years. This service is available for customers who do not have social insurance in Austria and are 100 per cent health insured with UNIQA – such as foreign students and freelancers. With the LARA card, not only can they have the services of currently more than 200 healthcare providers billed directly to UNIQA, but are also able to set up appointments quickly and enjoy various discounts in pharmacies.

information on hospitals or doctors, nutrition tips or support services.

However, UNIQA also specifically promotes a healthy lifestyle and thus makes a contribution to prevention. Initiatives in this area include health examinations, fitness tests, individual consultations by professional VitalCoaches, exercise initiatives for children and youth, and supporting mass sport events. With our health check-ups and UNIQA HealthCheck boxes, we even visit companies to advise their employees on site. These offerings also help UNIQA meet another major desire people have: more than half of Austrians have a personal goal of improving their health through weight loss, exercise and healthy nutrition.

DOCTOR SERVICE AROUND THE CLOCK

With the Med PLUS24service we not only assist our customers in case of illness or accident, but also help them build up a healthy and active lifestyle. To this end, doctors answer all their questions on the topic of health, quickly and competently. Customers can contact the team of general practitioners and specialists by phone or e-mail and receive professional help promptly.

Fit-for-future services

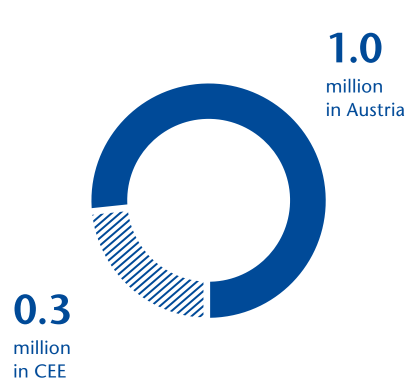
These services will become even more important in future. In view of the rapid developments in medicine, it is becoming increasingly difficult for people to keep up to date with everything from genetic engineering, artificial intelligence and telemedicine to robotics and nanomedicine. Prevention and early detection are also becoming increasingly important. Sharing knowledge is therefore the order of the day. That's why we work consistently to provide our customers added value in this area and to become a positive and responsible partner for them throughout their lives. Anyone who needs advice and support should feel in good hands with us, whether they are dealing with the public health system, need quick and unbureaucratic access to medical services or simply have questions about medical knowledge. One example of this is a web portal that is dedicated to the topic of health in a holistic way.

Moderate premiums, high profitability

Even though health insurance with its share of Group premiums of approx. 21 per cent is, in absolute terms, our smallest business segment, it contributes significantly to UNIQA's profitability – and thus to our solid capital resources. This is because health insurance is characterised by stable contributions, long-term contracts and positive growth prospects. In addition, premiums rise steadily together with the developments in health costs and life expectancy. Another advantage from the Group's point of view is that the rate of cancellations is low, as provisions formed during the term of the contract are not transferrable in the event of a withdrawal.

The premiums written in health insurance in Austria account for more than 90 per cent of the total Group's volume, 7 per cent come from CEE. While UNIQA covers both in- and outpatient services in Austria, outpatient care is clearly paramount in CEE. This is mainly due to the fact that there are hardly any private hospitals there yet. In the medium to long term, however, we expect changes in this promising region similar to the development we have seen in Austria and Western Europe. Another interesting detail: UNIQA generates about one third of the premiums in health insurance through group insurance policies, such as those offered to the employees of a company.

1.3 million contracts in health insurance



For decades, one of UNIQA's core competencies has been health insurance. With a

46 per cent

market share, we are the undisputed leader in our home market of Austria.

What makes us attractive to investors

Our growth trajectory is shaped by clearly defined objectives and a clearly focused strategy. The successes we have enjoyed over the past ten years confirm this.

Ready for new challenges

Since we devised the Group strategy UNIQA 2.0 in 2011, a great deal has been going on at UNIQA – from doubling our customer numbers and significantly strengthening our capital base through to improving our earnings power in the insurance business and launching a wealth of product innovation, customer service and digitalisation initiatives. The latest highlight has been the recent acquisition of AXA's subsidiaries in Poland, the Czech Republic and Slovakia, bringing in a total of five million customers. Looking at how all these developments have turned out, we feel well equipped for UNIQA 3.0 writing the next chapter in our Group during a time of major challenges.

UNIQA 2.0 – Phases 1 and 2 (2011–2015)

Our customers were at the heart of the transformaton that started in 2011 right from day one. This was also the reason why the only objective for 2020 that we set back in 2011 was a doubling of our customer numbers. Other, primarily financial targets were then added in the first two phases of UNIQA 2.0 leading up to 2015 (you can find an overview of these on the opposite page): amongst other things, we set out to focus on our core business as a direct insurer in Austria and CEE, make this core business more profitable and improve our risk/return profile. To improve the company's capitalisation, we also began making preparations for an IPO as early as 2011. Ultimately, this transformation was intended to increase our earnings before taxes by up to €400 million compared to 2011 levels.

UNIQA 2.0 – Phase 3 (2016–2020)

In the third phase of UNIQA 2.0 from 2016 onwards, we launched UNIQA's largest innovation and investment programme to date in response to customer requirements that were evolving ever more rapidly and the unstoppable onward march of digitalisation. The ten-year, €500 million programme pursues several objectives: redesigning our business model, building up the necessary expertise amongst our staff and investing in the IT systems that will be required. Underpinned by these extensive investments, UNIQA is transforming from a supplier of insurance products into an integrated service provider. As a framework, or symbol, for our ongoing strategic initiatives, we also created the "UNIQA House" in 2016, which provides a clear visual representation of all the starting points and measures forming part of phase 3 (see page 29).

Tackling the future with renewed strength

Many of the plans we set in motion in 2011 and subsequent years bore fruit, some did not. What is particularly pleasing is the fact that we have achieved our objective of doubling our customer numbers over the past decade, despite exiting the German and Italian markets and thus focusing exclusively on our core markets of Austria and CEE. The critical final step in this process is the acquisition of AXA's companies in Poland, the Czech Republic and Slovakia, which is currently under way. It means that, by the end of 2020, we will be helping just over 15 million customers to live safer, better and longer lives.

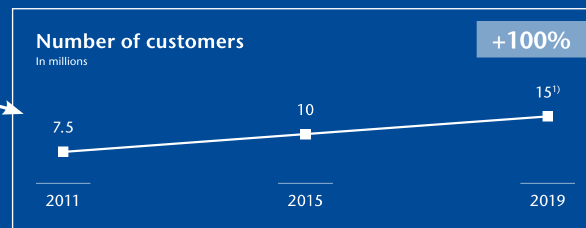
In addition, we have made our core business much more profitable, allowing us to cushion the impact of persistently low interest rates. We have also moved decisively to launch some large-scale projects and brought in changes to many processes. At the same time, we have put ourselves in a strong capital position, particularly through our re-IPO in October 2013. With all of these measures, we have made ourselves strong and independent – and are now ready to shape our own future.

UNIQA 2.0

Objectives → Successes

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



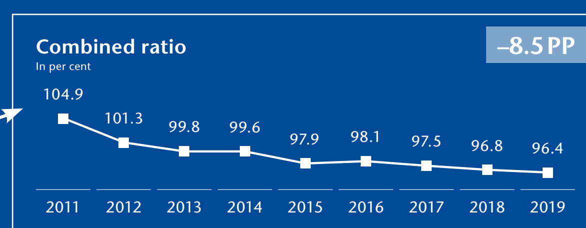
2 Concentration on the core business

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 RS, EBRD shares in CEE
Business	Hotels, media groups	Hospitals

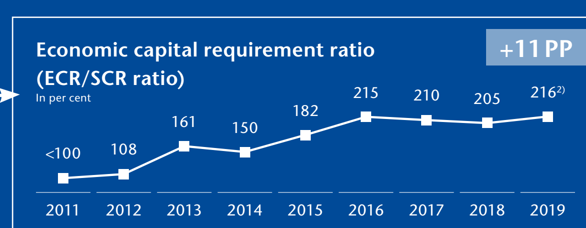
3 Implementation of key programmes

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



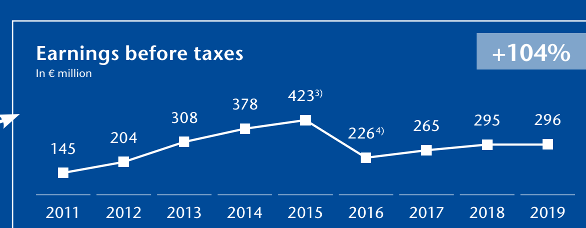
4 Solid capital base

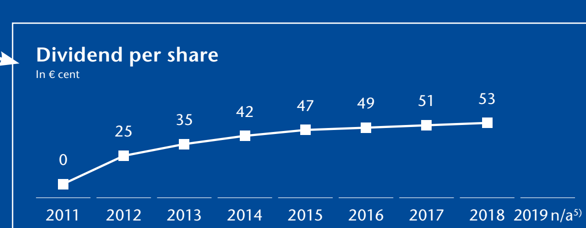
- Strengthen equity
- Easier and exchange-friendly Group structure
- Re-IPO 2013



5 Attractive financial figures

- Improving earnings before taxes by up to €400 million





[1] Including AXA companies
[2] 2019: solvency capital requirement (SCR)
[3] Including Italian contributions
[4] Excluding Italian contributions
[5] The Supervisory Board reserves the right to review and/or approve the proposal for the appropriation of profit submitted by the Management Board due to the COVID-19 crisis until further notice.

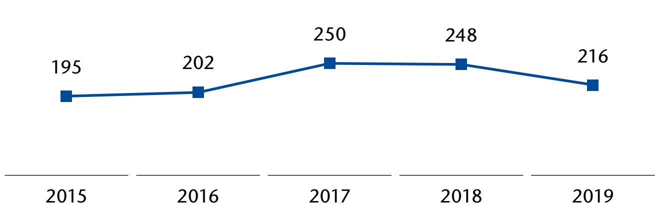
UNIQA 2.0 – Phase 3: the strategic initiatives in detail

Capital – the foundation for our activities

Underpinned by a strong capital base, we want to make our UNIQA House as stable as possible. We have worked rigorously on improving this base since 2011 in order to grow our existing business and, whenever the opportunity has presented itself, to invest our capital in growth as well.

We have set ourselves the objective of a regulatory capital requirement (SCR) ratio with a fluctuation margin (target range) of 155 to 190 per cent to give us a financial position that is strong and balanced. 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. Our solid capital position makes it easy for us to strengthen the organic growth we are anticipating, particularly in CEE.

Change in SCR
In per cent



216%
SCR

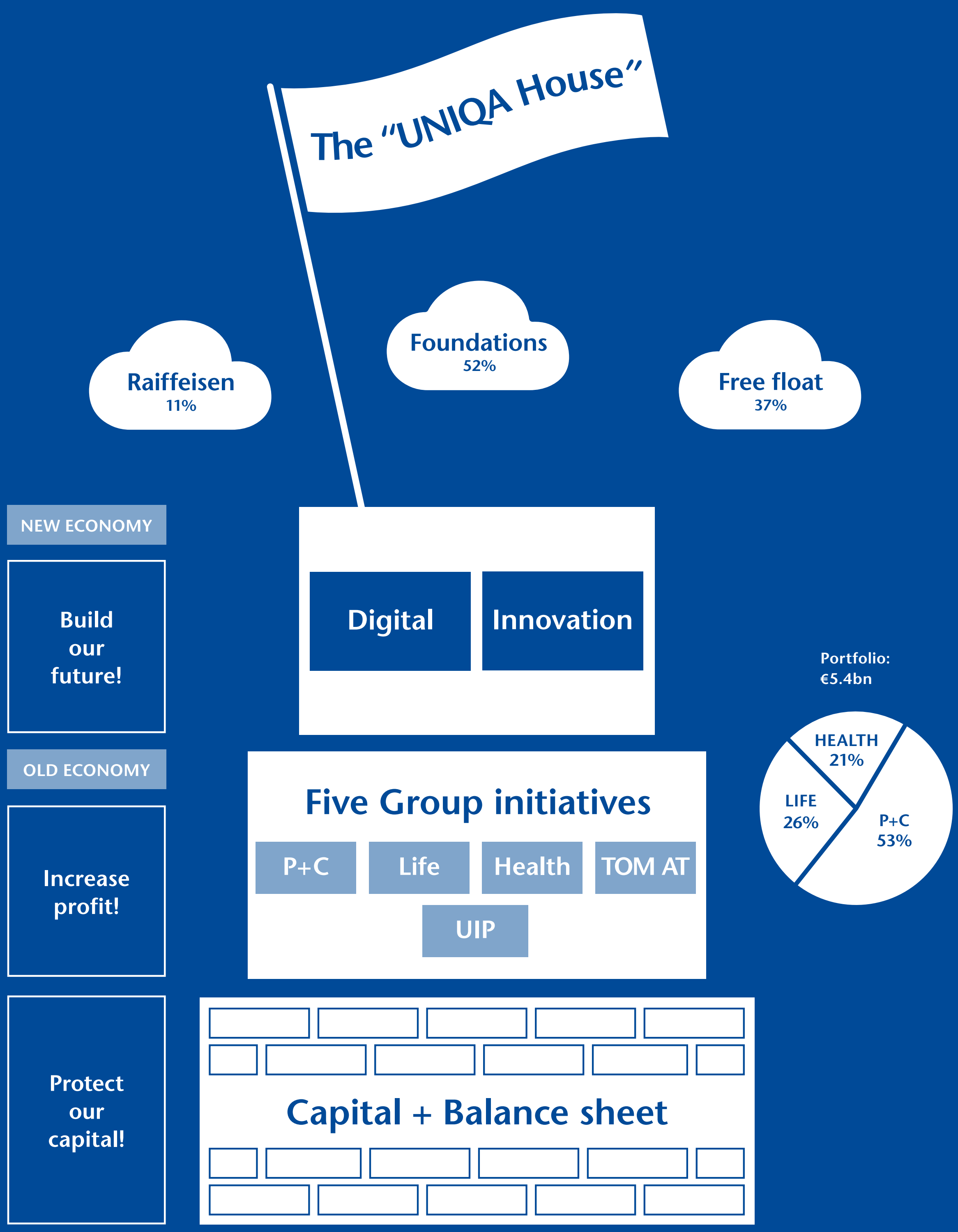
UPDATE 2019
Capital – the foundation for our activities

2019 in general, and the first three quarters in particular, were marked by a sharp fall in interest rates. Although this pushed the SCR ratio down from 248 per cent as at 31 December 2018 to 216 per cent as at 31 December 2019, UNIQA's capital base remains healthy.

This is due to the continuous further development of our risk model, with which we have now achieved yet another milestone: our partial internal model for market risks was approved in November 2019.

In February 2020, we signed a purchase contract to acquire AXA Group companies in Poland, the Czech Republic and Slovakia. The purchase price is around €1.0 billion. Including the AXA acquisition, therefore, our pro-forma capital requirement ratio as at 31 December 2019[1] is estimated at around 190 per cent. Armed with this level of capitalisation – well above our target mark of 170 per cent – we believe we are well positioned.

[1] In other words, calculated as if the transaction had actually been completed on 31 December 2019.


The "UNIQA House"
Raiffeisen
11%
Foundations
52%
Free float
37%
NEW ECONOMY
Build our future!
OLD ECONOMY
Increase profit!
Protect our capital!
Digital
Innovation
Five Group initiatives
P+C
Life
Health
TOM AT
UIP
Capital + Balance sheet
Portfolio:
€5.4bn
HEALTH
21%
LIFE
26%
P+C
53%

The "first floor" – 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. These form the first floor of our House.

We have developed a programme aimed at safeguarding and/or increasing sustainable operating profitability in each of our three business lines of property and casualty insurance, health insurance and life insurance and have implemented these programmes under the responsibility of the competent expert Board Member. Two additional strategic initiatives with a Group-wide effect on the core business have been launched alongside this.

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)

1 Property and casualty insurance: further increases in earnings power

A significant increase in earnings power was one clear objective in the property and casualty insurance business segment, which is the segment from which UNIQA expects the largest amount of premium growth, especially in CEE. The combined ratio, i.e. the ratio of claims expenses and benefits to premiums written, is the index used to measure this. Using investment in operational excellence as a basis, we 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, these projects focused on optimising premium calculation, portfolio management and claims management as well as on enhancing the efforts to fight fraud.

Thanks to the measures implemented, we have indeed managed to significantly improve our technical profitability in property and casualty insurance, specifically in CEE.

We made further progress in 2019 on improving our combined ratio in property and casualty insurance: at 96.4 per cent, we are within touching distance of our medium-term target – a reduction to under 95 per cent – for the first time. The main drivers of this trend have been the optimisation initiatives that we have been implementing rigorously and that are now unleashing their full impact with increasing clarity. This is reflected primarily in a marked fall in so-called basic losses, i.e. the insurance benefits paid out to our customers excluding specific large-scale one-off effects. This even allowed us to offset the major snow pressure damage caused by the unusually heavy snowfall in January and February 2019.

Growth above the market average in our core segments, particularly in household and homeowner insurance and in the commercial segment, has been another pleasing trend. In addition to our strong presence on the market and good support from our own sales channel, new initiatives such as streamlining the product range online and at our partner banks have also been contributing factors. However, the trend has also been underpinned by efforts to fine-tune the sales process, such as allowing customers to sign electronically from the comfort of their own homes.

UPDATE 2019
Property and casualty insurance

Across the board, we continued to focus strongly on improving the customer experience in 2019, and the significant increase in customer satisfaction with claims processing, amongst other things, is testimony to our success. Our pilot project – introducing the fully digital processing of property insurance products in CEE, from sales to claims processing – has also got off to a successful start. The project's rapid development is a sign that we are meeting the expectations of our digital-savvy customers, a segment seeing strong growth.

2 Health insurance: confirmation of our leading position

UNIQA is the clear market leader in Austrian health insurance. This business segment contributes 21 per cent of our premiums – 5 per cent more than when UNIQA 2.0 started – making it a key income stream for our company. This is why defending our leadership position in this profitable business segment has always been one of our most important objectives.

Further expansion in services to customers remains a key priority here. To this end, we are focusing on selective investments throughout the value chain in the areas of health advice and provision, health services and digital health solutions, so that we remain an expert partner for our customers in the future too. At the same time, we need to keep an eye on the persistently low interest rates in view of the very long terms that our contracts have, including in health insurance.

UPDATE 2019
Health insurance

We rolled out our Akut-Versorgt (acute care) product, which offers our customers swift access to medical care on weekends or at night, to the Graz, Klagenfurt and Lustenau urban areas in 2019 as planned. This means that we now provide this essential service, which is attracting very positive feedback, in the major population centres of no fewer than five federal states. We are hoping to introduce corresponding services in Linz and Innsbruck in 2020.

Expanding our LARA partner network (the name comes from the German acronym for Labs, Doctors, X-rays and Pharmacies) is another key step in fulfilling our role as a provider of comprehensive medical services. For now, this network is available to customers insured with one of our comprehensive policies, i.e. primarily freelancers and students. The cost of medical services for these customer groups can now be settled with the medical partners directly. In 2020 we are planning to offer online services such as finding a doctor, making appointments and having telemedicine consultations also to those of our customers who have taken out additional insurance with us. These services are complemented by our medical information platform, which provides valuable answers to many medical questions at any time of day or night.

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 capital markets conditions, depending on the relevant investment strategy. The capital-generating life insurance, that traditionally dominates the market in Austria, is particularly affected by this. Low interest rates also mean much lower demand for provision products.

Our strategic initiatives in this business line were therefore targeted predominantly at refocusing the product portfolio on unit-linked products and increasing the profitability of existing contracts. One of the key concepts behind them was to design new life insurance products that provided a reasonable balance between return, investment and costs for both customers and UNIQA, and distributing acquisition costs fairly across the entire term was an important step in this direction. The result was a completely reworked offer in the unit-linked life insurance sector, which we launched in 2017. Transparent, affordable and flexible for customers, this new product also meets all regulatory requirements. Our efforts in this area have been supplemented by setting up what is known as in-force management to optimise the profitability of our existing life insurance contracts.

UPDATE 2019
Life insurance

In early 2019 we rolled out the sale and full administration of our new unit-linked life insurance product via the UNIQA Insurance Platform (UIP), our new IT core system, for all other distribution channels, having already done so for banking sales. This brings significant improvements for both customers and sales staff. The switch of index-linked life insurance followed in late 2019, the first step in moving existing contracts over to the new platform. We also finalised the launch of our new life insurance product on all distribution channels just before the end of the year. With the new product proving very popular at bank sales channels, we are also expecting a similar level of success in UNIQA's own sales.

The situation on the capital markets, which has been aggravated further with a renewed fall in interest rates, is likely to remain the biggest challenge facing life insurance in the medium to long term. Nevertheless, our new unit-linked life insurance allows us to offer suitable retirement provision to a broad range of customers despite this difficult environment.

4 UNIQA Insurance Platform (UIP)

The objective of the programme is nothing short of the renewal of the core system in all business lines and the associated organisational transformation of the Group. In the medium term, the 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 added flexibility in product design and, in the medium term, significantly reduce the operating costs of all data processing. Additionally, we will create the necessary conditions to better satisfy the expectations and wishes of our customers in future, which are changing ever faster and radically in an increasingly digital world.

Over the last three years, we have successfully installed unit-linked life insurance for all UNIQA sales channels on the UIP, and from June 2020, classic life insurance will also be sold via the new platform. This means that all our new business in life insurance will now be transacted via the new platform. Parallel to implementing the new business, we successfully migrated the first tranche of existing contracts in October 2019 and will complete the transfer of the remaining contracts by mid-2022. The next step will be to switch off the legacy systems.

UPDATE 2019
UNIQA Insurance Platform (UIP)

At the beginning of 2020, in addition to life insurance, we started implementing property, accident, liability and motor vehicle business. Private customer products (excluding automobile and accident insurance) destined for Raiffeisen bank sales will also be available via the UIP as early as late 2021 or early 2022. By the end of 2022 or the beginning of 2023 these products will then also be available through all other UNIQA sales channels. The completion of this implementation is planned for mid-2025.

We reached the first significant milestone on the UIP roadmap in 2018 with the roll-out of unit-linked life insurance for Raiffeisen banking sales. The second came in June 2019, when we successfully introduced this product for UNIQA sales as well. In addition, we carried out the first major migration of existing life insurance contracts in October 2019. Since that time some 35,000 index-linked life insurance contracts have been managed in the new msg life and msg nexinsure systems.

As well as launching these new management systems for life insurance, work began in June 2019 on implementing property, casualty and car insurance from January 2020 onwards.

5 TOM – Target Operating Model at 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 or TOM, 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 individual existing products and processes.

A major priority for TOM in 2019 was the strengthening of the cooperation between the Group Service Centre in Nitra, Slovakia, and our control and processing entities in Austria. This was possible after many process steps had previously been relocated to Nitra. Specific training measures were agreed and implemented in order to continuously improve processing quality.

UPDATE 2019
TOM – Target Operating Model UNIQA Austria

Having launched our optical character recognition project in outpatient health insurance in 2018, we increased the level of automation further in 2019. Besides the conventional input channels of post and e-mail, the UNIQA app was also linked to the system, allowing receipts to be submitted via any channel in future. Next on the agenda are optimisation measures in the individual channels and further standardisation steps across the whole of input management. Following the programme's official completion at the end of 2019, we are now continuing to work on optical character recognition and other issues in separate projects.

The "second floor" – 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.

Our future – one shaped by digitalisation and innovation – can therefore be found on the second floor of our UNIQA House. Having remained highly static over the past few decades, the insurance business is now beginning to see some movement. By setting up our Digitalisation, Open Innovation and UNIQA Ventures areas, we are supporting our core activities while also gaining a foothold in new business segments.

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 2019
Innovation

UNIQA Ventures GmbH, which took over all the UNIQA Group's corporate venture capital business in 2018, further expanded its investment activities in 2019. To this end, we increased our scope for investing in start-ups and other fledgling companies to €75 million in 2019 and are aiming to expand this further to €150 million of available funding in the medium term. Besides doctorly, a German provider of software for doctors, our new investments in the reporting year also included the Eversports software-as-a-service model for gyms (allowing end customers to make bookings); Insly, a software-as-a-service model for brokers; kompany, a provider of know-your-customer/anti-money-laundering and compliance solutions; and omni:us, AI-supported software for automating claims processes. We are also planning further direct investments over the next few years in the insurtech, healthtech and fintech sectors.

Supplementing our twelve direct investments in all, we also invested in eight more fintech companies in collaboration with Raiffeisen Bank International and venture capital specialists Speedinvest. These interests were acquired via the joint investment vehicle FinTech Growth Fund Europe GmbH & Co KG, which began operations in the first quarter of 2019.

Digitalisation – rethinking the business and service model: Our service concept and also keeping the promise to the customer in the digital age are central to this strategic initiative. Realignment of customer contact points and downstream service processes are at the centre of this, since today's customers expect speed, flexibility, quick response times and genuine assistance. Faced with this level of disruption in the market environment, we are more or less being forced to rethink our business model, products and processes from the customer's point of view. Based on UNIQA's leading position in health insurance, we are placing a particular focus on the area of health.

Shape the future

UPDATE 2019

Digitalisation

We continued to develop our digital customer frontends – the myUNIQA Customer Portal, myUNIQA app and UNIQA ServiceBot – as planned in 2019 and launched new service features for customers and employees. Since September 2019, for instance, customers have been able to use e-identity (via online banking) to verify their identity for the myUNIQA applications. This has given another decisive boost to the user-friendliness of our digital products and services.

We also revamped the UNIQA website (uniqa.at) to create a uniform customer experience for all UNIQA's digital contact points. We focused particularly on claims reporting – one of the most important stops along the customer journey – and redesigned the relevant forms both in the myUNIQA applications and on the general website. We also further expanded the use of robotic process automation (RPA) solutions and made it possible to set up claims automatically, for instance. Invoices from doctors and pharmacies can now also be submitted via the myUNIQA Customer Portal as well as the tried-and-tested myUNIQA app.

In addition, we ran several pilot projects in Austria and Poland in 2019 to trial the use of AI to analyse pricing models and improve customer service. The findings from these initiatives will now feed into further optimisation of the customer experience and be available to draw on in all UNIQA Group countries.

Having employed innovative working methods in the area of digitalisation for many years now, they are also being adopted in other parts of the company too. For instance, our digital pioneers have been supporting the Group-wide transformation programme by sharing their knowledge of agile methods and fostering interdisciplinary cooperation. UNIQA is thus developing its own individual approach to this “new way of working”.

UNIQA 3.0

UNIQA remains an attractive investment

You can rely on UNIQA. Despite rising inflation rates worldwide, trade policy conflicts and latent uncertainty in the markets, the company can once again present a solid business performance for 2019. With its excellent market position, robust capital base and growth potential, the Group has a strong foundation that continues to make it an attractive investment option.

Stock markets’ solid performance in 2019

The year 2019 began with a clear upward trend on the stock market during the first four months, which many interpreted as a reaction to the price corrections of the previous year. After a phase of random price fluctuations that lasted several months, the most important indices rose again strongly in the fourth quarter of 2019. Overall, this resulted in an extremely positive share performance on most stock exchanges in 2019, which was reflected in a 25.2 per cent increase of the MSCI World global equity index. This excellent performance was mainly due to the change in interest rate policy by the US Federal Reserve and the even more expansive policy of the European Central Bank (ECB). Especially in the last few months of the year, investors increasingly agreed that the expansionary monetary policy would probably continue for some time.

Despite this, several factors had a dampening effect on the market in 2019: the worldwide trade conflicts have left a clear mark on global trade data, which led to international forecasting institutes lowering their growth forecasts. The markets were also affected by a series of political uncertainties, ranging from the planned withdrawal of the UK from the EU (“Brexit”) and continuing crises in the Middle East to political and economic turbulences in several Latin American countries.

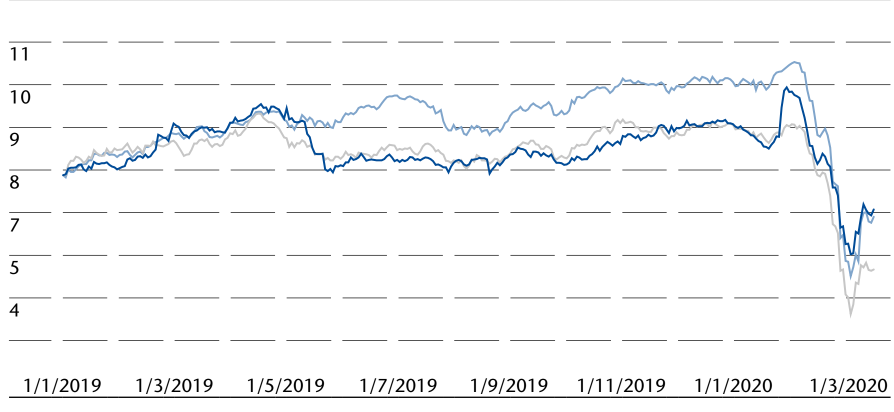
Nevertheless, prices rose particularly sharply in 2019, especially in the US, where the US Federal Reserve revised its policy of gradual interest rate hikes and switched to interest rate cuts instead. The S&P 500, the leading US index Dow Jones Industrial and the technology-oriented Nasdaq Composite Index all reached one record high after another in 2019, ending the year close to their respective highs. Signs of an easing in the global trade dispute further boosted share prices on the US stock exchanges, particularly in the last few weeks of the year.

EQUITY STORY

- Austria’s strongest insurance brand
- Market leader in health insurance
- Interesting growth potential in CEE
- Solid capital position

UNIQA share performance

In €



In Europe, the continuity of the ECB's expansionary monetary policy measures strengthened confidence in the stock market. Over the course of the year, repeated irritations due to the uncertainties surrounding Brexit have receded into the background, following the clear decision in the British parliamentary elections in December 2019. All in all, the Euro Stoxx 50 rose by 25.4 per cent in 2019. However, regional and local problems in individual emerging markets have resulted in a highly varied overall picture of the market development in this group of countries. In principle, the more expansive monetary policy and the prospect of continued low interest rates provided important support for this region. At the same time, however, the excellent development of the markets on the large, established stock exchanges has drawn the attention of investors to the traditional markets all the more. As a result, the overall rise in the emerging markets of 15.4 per cent – measured by the MSCI Emerging Markets Index – remained lower than could have been expected given the interest rate trend.

The Vienna Stock Exchange was able to achieve a significant price increase in 2019, with the leading index ATX up by 16.1 per cent. In contrast to many other stock exchanges, the year's high already peaked on 18 April 2019 with an index level of over 3,300 points. This was followed by a marked correction, which can be explained partly by the fact that the Austrian industry is particularly exposed to the effects of trade conflicts, but partly also by domestic political turbulence. It was not until the fourth quarter of 2019 that a clear upward trend could be seen again, taking the ATX to a level of around 3,200 points by the end of the year. The increase in the ATX Total Return, which takes dividend payments into account, was significantly higher than the increase in the ATX: here the increase was 20.5 per cent in 2019.

UNIQA shares – key figures

In €

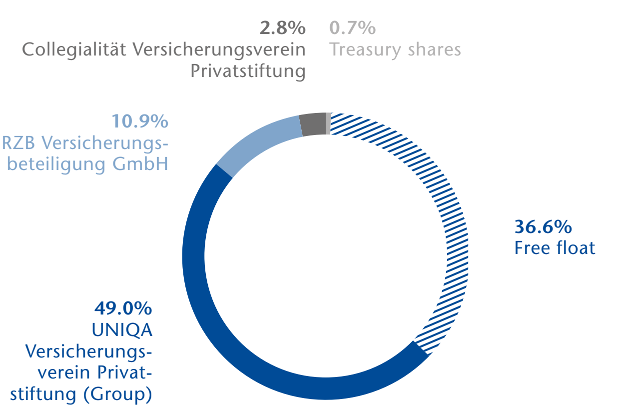
	2019	2018	2017	2016	2015
UNIQA share price as at 31 December	9.10	7.86	8.82	7.20	7.53
High	9.56	10.46	9.05	7.45	9.41
Low	7.84	7.72	7.09	5.04	7.04
Average stock exchange turnover/day (in € million)	3.3	4.7	5.6	5.2	4.5
Market capitalisation as at 31 December (in € million)	2,793.4	2,412.7	2,707.4	2,218.5	2,320.6
Average number of shares in circulation	306,965,261	306,965,261	306,965,261	308,129,721	308,180,350
Earnings per share	0.76	0.79	0.56	0.48	1.09
Dividend per share	n/a[1)]	0.53	0.51	0.49	0.47

[1)] The Supervisory Board reserves the right to review and/or approve the proposal for the appropriation of profit submitted by the Management Board due to the COVID-19 crisis until further notice.

Financial calendar 2020

15 May	Record date for the Annual General Meeting
19 May	Solvency and Financial Condition Report 2019
22 May	First Quarter Results 2020
25 May	Annual General Meeting
4 June	Ex-dividend date
5 June	Dividend record date
8 June	Dividend payment date
20 Aug	Half-Year Financial Report 2020
19 Nov	First to Third Quarter Results 2020

Shareholder structure

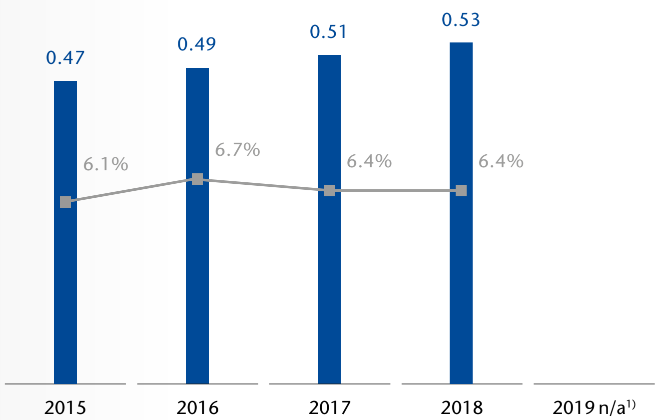


UNIQA shares continue to produce attractive yields

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. In line with the general market trend, their price increased over the course of 2019. Starting the year at €7.84, the UNIQA share price reached an annual high of €9.56 on 23 April 2019. The share price subsequently fell to around €8.00, stabilised between €8.00 and €8.50 over the summer months and began to rise again from October onwards. The UNIQA share price ultimately closed out 2019 at €9.10, thus registering an increase of 16 per cent compared to the previous year. The benchmark index for the European insurance industry, the Euro Stoxx Insurance, rose by 24 per cent in the same period.

Changes in the UNIQA dividend

In € (indexed)



[1)] The Supervisory Board reserves the right to review and/or approve the proposal for the appropriation of profit submitted by the Management Board due to the COVID-19 crisis until further notice.

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

Shareholder structure nearly unchanged

The shareholder structure of the UNIQA Group continues to be stable: the core shareholder UNIQA Versicherungsverein Privatstiftung (Group) holds a total of 49.0 per cent of all 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 2.8 per cent of the UNIQA shares. The company's portfolio of treasury shares remains unchanged at 0.7 per cent. The free float amounted to 36.6 per cent by the end of 2019, and therefore represented more than one-third of total shares and a value of around €1 billion.

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

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 portion of the company's profits. To this effect, dividend distributions have been raised consistently over recent years. The Supervisory Board reserves the right to review and/or approve the proposal for the appropriation of profit for 2019 submitted by the Management Board due to the COVID-19 crisis until further notice.

UNIQA shares – information

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

On-going 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 2019 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
Phone: (+43) 01 21175-3773
E-mail: investor.relations@uniqa.at

RESEARCH

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

- Commerzbank
- Deutsche Bank
- Erste Group Bank
- J.P. Morgan
- Kepler Cheuvreux
- Raiffeisen Centrobank

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, published by the Austrian Working Group for Corporate Governance, for the evaluation of compliance with the Code. 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 companies related to individual members of the Supervisory Board 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 Officer (CEO) * 1969, appointed 1 January 2002 until 30 June 2024	Strategy & Transformation, UNIQA Ventures, New Business Areas (Health), Group General Secretary, Auditing, Art Insurance, Strategic Personnel Management, Operating Personnel Management, Brand & Communication, Ethics & Sustainability, Works Council, Asset Management (UCM/UREM), Digitalisation	▪ Member of the Supervisory Board of STRABAG SE, Villach
Erik Leyers, Data & IT * 1969, appointed 1 June 2016 until 30 June 2024	Data Management, UITS, UIP project, Group Service Centre (Nitra)	▪ Member of the Supervisory Board of Raiffeisen Informatik GmbH, Vienna (until 26 September 2019) ▪ Member of the Supervisory Board of Raiffeisen Informatik Geschäftsführungs GmbH, Vienna (since 26 September 2019)
Kurt Svoboda, Finance & Risk Management * 1967, appointed 1 July 2011 until 30 June 2024	Legal & Compliance, Investor Relations, Controlling, Finance & Accounting, Actuarial Services, Risk Management, Regulatory Affairs, Reinsurance, Auditing	▪ Member of the Supervisory Board of CEESEG Aktiengesellschaft, Vienna ▪ Member of the Supervisory Board of Wiener Börse AG, Vienna

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 Group Executive 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 the 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 bank sales in Austria 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. From 1 January 2020, all members of the Management Boards of UNIQA Österreich Versicherungen AG and UNIQA International AG will participate in the meetings of UNIQA Insurance Group AG with an advisory vote (Group Executive Board). The Management Boards of UNIQA Insurance Group AG, UNIQA Österreich Versicherungen AG and UNIQA International AG represent in their entirety the future Management Board of the company emerging from the planned new Group structure as of 1 January 2020.

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 2019: 50,219 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 (until 18 December 2019) ▪ 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 2019: 6,885 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 (until 18 December 2019) ▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest (until 24 July 2019) ▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest (until 24 July 2019) ▪ President 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 2019: 16,097 shares

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.

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 24th AGM (2023)			
Christian Kuhn, 1st Vice-Chairman * 1954, appointed 15 May 2006 until the 24th AGM (2023)			
Erwin Hameseder, 2nd Vice-Chairman * 1956, appointed 21 May 2007 until the 24th AGM (2023)	▪ 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, 3rd Vice-Chairman * 1963, appointed 29 May 2017 until the 24th AGM (2023)		▪ Chairman of the Supervisory Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Supervisory Board of UNIQA International AG, Vienna	as at 31 December 2019: 10,250 shares
Markus Andréewitch, Member * 1955, appointed 26 May 2014 until the 24th AGM (2023)			
Marie-Valerie Brunner, Member * 1967, appointed 28 May 2018 until the 24th AGM (2023)			as at 31 December 2019: 1,750 shares
Anna Maria D'Hulster (since 20 May 2019), Member * 1964, appointed 20 May 2019 until the 24th AGM (2023)			
Elgar Fleisch, Member * 1968, appointed 28 May 2018 until the 24th AGM (2023)			
Martin Grüll (since 20 May 2019), Member * 1959, appointed 20 May 2019 until the 24th AGM (2023)			
Jutta Kath, Member * 1960, appointed 30 May 2016 until the 24th AGM (2023)		▪ Member of the Board of Directors of UNIQA Re AG, Zurich	
Rudolf Könighofer (until 20 May 2019), Member * 1962, appointed 30 May 2016 until 20 May 2019	▪ Member of the Supervisory Board of Raiffeisen International AG, Vienna		
Kory Sorenson (until 20 May 2019), Member * 1968, appointed 26 May 2014 until 20 May 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 (until 31 March 2019)		as at 20 May 2019: 10,000 shares

Delegated by the Central Works Council

Sabine Andre (since 20 May 2019) * 1966, since 20 May 2019	
Peter Gattinger * 1976, from 10 April 2013 until 26 May 2015 and since 30 May 2016	
Heinrich Kames * 1962, since 10 April 2013	as at 31 December 2019: 56 shares
Harald Kindermann * 1969, since 26 May 2015	as at 31 December 2019: 750 shares
Franz-Michael Koller * 1956, since 17 September 1999	as at 31 December 2019: 912 shares
Friedrich Lehner (until 20 May 2019) * 1952, from 31 May 2000 until 1 September 2008 and from 15 April 2009 until 20 May 2019	as at 31 December 2019: 1,162 shares

Committees of the Supervisory Board

Committee	Chairpeople	Vice Chairman	Members	Delegated by the Central Works Council
Committee for Board Affairs	Walter Rothensteiner	Christian Kuhn	Burkhard Gantenbein, Erwin Hameseder	
Working Committee	Walter Rothensteiner	Christian Kuhn	Marie-Valerie Brunner (until 20 May 2019), Elgar Fleisch, Burkhard Gantenbein, Martin Grüll (since 20 May 2019), Erwin Hameseder	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
Audit Committee	Walter Rothensteiner	Christian Kuhn	Anna Maria D'Hulster (since 20 May 2019), Burkhard Gantenbein, Erwin Hameseder, Jutta Kath, Kory Sorenson (until 20 May 2019)	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
Investment Committee	Martin Grüll (since 20 May 2019) Kory Sorenson (until 20 May 2019)	Christian Kuhn	Marie-Valerie Brunner, Anna Maria D'Hulster (since 20 May 2019), Burkhard Gantenbein, Jutta Kath, Rudolf Könighofer (until 20 May 2019)	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
IT Committee	Markus Andréewitch	Jutta Kath	Marie-Valerie Brunner (since 20 May 2019), Elgar Fleisch, Rudolf Könighofer (until 20 May 2019)	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 seven meetings in 2019. One decision was made by way of circular resolution. All members of the Supervisory Board attended more than half of the meetings of the Supervisory Board in the 2019 financial year in person.

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** and is composed of the members of the Executive Committee of the Supervisory Board. In the seven meetings which took place in 2019, the Committee dealt intensively with the development of the UNIQA 3.0 strategy programme, interviewing candidates for management positions in the Group, filling Management Board positions, the remuneration strategy and succession planning.

The **Working Committee** of the Supervisory Board is only called upon to make decisions 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 2019. One decision was 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 2018 financial year). Furthermore, the audit of the 2019 financial statements of the companies of the consolidated group was planned, and the auditor reported on the results of preliminary audits. 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.

The **IT Committee** dealt with the ongoing monitoring of the progress of the project implementing the UNIQA Insurance Platform (new core system) over the course of five meetings.

The chairmen of the respective committees informed the full 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. Anna Maria D'Hulster (since 20 May 2019), Kory Sorenson (until 20 May 2019) and Jutta Kath also satisfy the criteria of Rule 54 of the Austrian Code of Corporate Governance in that they are neither shareholders with a participation of more than 10 per cent nor do they represent the interests of such shareholders.

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 makes us successful together and has a positive influence on corporate culture. In this context, diversity means different nationalities, cultures and a collective of men and women, especially in executive positions. Together, they contribute to "Diversity of Thought".

With Marie-Valerie Brunner, Anna Maria D'Hulster and Jutta Kath, three women have been elected to join the Supervisory Board of UNIQA Insurance Group AG. The proportion of female Supervisory Board members among the elected members (capital representatives) therefore amounts to the legally required 30 per cent. Sabine Andre was appointed to the group of employee representatives on the Supervisory Board on 20 May 2019. A total of eleven members of the Management Board, including one woman, were appointed to the Management Boards of UNIQA Insurance Group AG, UNIQA Österreich Versicherungen AG and UNIQA International AG in Austria in 2019.

Of a total of 549 managers at the Austrian location, 163 are women, which corresponds to a share of 29.7 per cent. In the UNIQA International AG companies outside Austria, 329 of a total of 699 managers are currently female, which amounts to 47.1 per cent. In the entire UNIQA Group, the average number of female managers is 39.4 per cent (492 of a total of 1,248 persons).

Diversity concept

A comprehensive diversity concept is currently being developed at UNIQA. Over the next few years, it is planned to concentrate on four selected priorities:

1. Women in management –
more women in management positions

2. Compensation fairness –
equal pay for work of equal value

3. Generation management –
old and young contribute together to the success of the company

4. People with disabilities –
integrate, promote and offer positions where they can use their strengths

UNIQA has launched a new initiative called "Get ready" in 2019. Within this framework, a dialogue was opened with regard to the selected diversity priorities, in order to raise awareness of these important topics throughout UNIQA. The first two events in 2019 focused on the promotion of women and were dedicated to the topics "Pension gap – needs and reality" and "Women & careers at UNIQA".

1. Women in management

In May 2019 the Group HR department, in cooperation with 14 female managers from Austria and abroad, worked out and prioritised the most important focus areas relating to the promotion of women. Measures that will be elaborated further for achieving these goals include the promotion of a mindset open to diversity and inclusion, the continuous development of models for flexible working time and transparent career paths.

In October 2019 the first workshop on the topic of unconscious bias was held with the members of the Management Board. In the course of the workshop, it was shown how organisations can benefit from diverse teams. Top managers could also reflect on their unconscious thinking patterns and perception filters.

Eighty senior managers and experts across the Group completed a one-week comprehensive leadership development programme at the Harvard Business School with the title "Leading Transformation at UNIQA" in 2019. The proportion of women in this programme in the context of the strategic transformation UNIQA 3.0 was 20 per cent.

The NEXT AT management programme for all Austrian managers ended in mid-2019. By that time, 547 people had participated in it since 2017. The overall share of female participants in this programme was 25 per cent. The most frequently chosen training courses were "Motivation 3.0", "Conflict Management" and "Leading in dynamic working environments". Accompanying individual coaching was taken up by 80 participants.

Thanks to the cooperation with the Female Founders, which has been in place since 2017, four female executives were able to participate in the three-month digital leadership programme Lead F in 2019. Since 2019 UNIQA has also been a partner of the women's platform Business Riots, which aims to break up traditional forms of work and living environments from the perspective of women. Female employees can attend events and further their professional and personal development.

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 offers a comprehensive range of services known as "Freiraum" (Latitude) that addresses these needs. 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 13.5 per cent of employees use in Austria in the administrative departments, "mobile work" has been consistently implemented since the end of 2018. Employees are able to work up to eight days a month from home, on the road or at other suitable locations. A total of 172 employees practice the classic teleworking, and 391 employees – mobile working.

In the 2019 employee survey in Austria, the effect of the increased flexibility of working hours was clearly reflected in a very high level of agreement with the statement "I am very satisfied with my working hours model".

2. Compensation fairness
UNIQA wants to bind all committed and qualified employees – no matter what gender – in the same manner to the company on a long-term basis. Therefore, equal opportunities in working conditions and equal pay are a major concern for UNIQA. The clear objective is to achieve comprehensive gender-independent compensation fairness. To this end, the valid regulations regarding remuneration at UNIQA for employees were summarised and communicated internally in the summer of 2019. In the course of salary increases at the end of 2019, a special focus was placed on female employees. In addition, a survey of internal compensation fairness is planned for 2020.

3. Generation management
Making use of the age diversity throughout the company in a more targeted way, optimising the transfer of knowledge and promoting intergenerational cooperation even further were some of the main questions of the future UNIQA dealt with intensively during 2019. For this purpose, the offer of a demography consultancy was also taken up, to help establish an age-appropriate working environment.

Several concrete pilot events were held for managers, teams and for employees of the 45+ generation. Topics such as intergenerational knowledge transfer, reverse mentoring and generation-sensitive leadership were developed with existing teams. The feedback on these pilot projects was very positive.

4. People with disabilities
In 2019 initial contacts were made with potential cooperation partners, and events were evaluated that contribute to raising awareness of this important topic and provide informal access to unusual situations in order to reduce reservations that people might have.

Remuneration Report

Remuneration of the Management Board and Supervisory Board

The members of the Management Board of UNIQA Insurance Group AG received remuneration of €3.2 million in 2019.

In € thousand	2019	2018
The expenses attributable to the financial year in question for the remuneration of the members of the Management Board amounted to:		
Fixed remuneration[1]	1,574	1,612
Variable remuneration	1,609	1,745
Current remuneration	3,183	3,356
Termination benefit entitlements	0	0
Total	**3,183**	**3,356**
of which proportionately recharged to operating subsidiaries	2,249	1,663
Paid to former members of the Management Board and their surviving dependants	2,766	2,492

[1] The fixed salary components include remuneration in kind equivalent to €34,787 (2018: €34,788).

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 (LTI)[2]	Total current remuneration	**Total for the year**
Andreas Brandstetter	669	478	267	1,414	**1,414**
Erik Leyers	349	269	0	618	**618**
Kurt Svoboda	555	395	200	1,150	**1,150**
Total 2019	**1,574**	**1,141**	**468**	**3,183**	**3,183**
Total 2018	1,612	1,295	450	3,356	**3,356**

[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 with a share-based remuneration agreement first introduced in 2013, with the beneficiary entitled to receive a cash settlement following a four-year term. Details can be found in the notes to the consolidated financial statements.

In the past financial year, the members of the Management Board of UNIQA Insurance Group AG received variable remuneration and multi-year share-based payments amounting to €1.6 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 €0.4 million are expected to be made in 2022. For the 2019 financial year, payments (STI) in the amount of €1.6 million are expected to be made in the years 2020 and 2023. 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 2019. For the subsequent years 2020 to 2023, a payment of €2.5 million is expected for the virtual shares allocated up to 31 December 2019.

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	**Total for the year**
Andreas Brandstetter	84	**84**
Erik Leyers	170	**170**
Kurt Svoboda	105	**105**
Total 2019	**359**	**359**
Total 2018	359	**359**

The remuneration paid to the members of the Supervisory Board for their work in the 2018 financial year amounted to €739,375. Provisions of €745,000 have been set aside for the remuneration to be paid for work completed in 2019. In 2019 a total of €72,100 was paid to cover attendance fees and out-of-pocket expenses (2018: €67,400).

In € thousand	2019	2018
Current financial year (provision)	745	739
Attendance fees and out-of-pocket expenses	72	67
Total	**817**	**807**

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	2019[1)]	2018
Walter Rothensteiner	104	104
Christian Kuhn	106	106
Erwin Hameseder	89	88
Burkhard Gantenbein	106	84
Markus Andréewitch	52	50
Marie-Valerie Brunner	65	40
Anna Maria D'Hulster	40	0
Elgar Fleisch	65	40
Martin Grüll	41	0
Jutta Kath	81	80
Rudolf Könighofer	24	65
Kory Sorenson	25	65
Klemens Breuer	0	26
Eduard Lechner	0	40
Out-of-pocket expenses to employee representatives	23	21
Total	**817**	**807**

1) The Management Board and Supervisory Board intend to propose the remuneration of €745,000 to the 2020 Annual General Meeting for resolution.

Burkhard Gantenbein received Supervisory Board remuneration (including attendance fees) of €17,000 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 18,000 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. Generally, the pension entitlements remain in force 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 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 2019 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, published by the Austrian Working Group for Corporate Governance, for the evaluation of compliance with the Code.

The evaluation by PwC Wirtschaftsprüfung GmbH and Schönherr Rechtsanwälte GmbH confirming that UNIQA complied with the rules of the Austrian Code of Corporate Governance in 2019 – 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 2019 financial year. Some of the rules were not applicable to UNIQA in the evaluation period.

Vienna, 20 March 2020

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 of UNIQA Insurance Group AG for the 2019 financial year is divided into three sections:

1. The most important features of 2019

The activities of the Supervisory Board and its committees intensified further in 2019. Put simply, our meetings lasted longer and were held more frequently than in previous years. With Anna Maria D'Hulster, Martin Grüll and Sabine Andre, our 15-member Supervisory Board counts three new members since the Annual General Meeting in May 2019. Thanks to the broad diversity of expertise represented on the Supervisory Board, we were able to focus our attention on the two major topics of the financial year in depth and at length:

The last full year of our UNIQA 2.0 strategic programme (2011–2020)

Once again the economic environment proved to be challenging for UNIQA in the past financial year. In the eurozone, growth continued to decline slightly, and Brexit was still causing uncertainty. However, the lowest point seems to have been reached, and sentiment indicators are again pointing to moderate economic expansion. Growth also slowed in Central and Eastern Europe (CEE), but is still significantly higher than in Western Europe or the global economy as a whole. CEE, which is one of UNIQA's core markets, is thus one of the fastest expanding growth regions in the world. Austria is likely to benefit from this as well. There was little movement as regards interest rates in 2019, even though the European Central Bank (ECB) launched new measures to stimulate the economy and inflation in September 2019: despite new bond purchases with a volume of €20 billion per month, inflation growth remains slow, meaning that a normalisation of monetary policy and interest rates is unlikely to be on the cards for the next few years.

Despite these rather difficult conditions, UNIQA managed to continue with the plan for the concluding implementation of the long-term strategic programme, UNIQA 2.0. I would like to highlight three points that were already particularly important in 2018:

- The continued focus placed on the direct insurance business in Austria and in Central and Eastern Europe is primarily aimed at steadily improving the combined ratio as a measure of technical profitability in property and casualty insurance. In 2019 UNIQA managed to achieve a further reduction in this area, as in the years before.

- The investment programme that was decided on at the start of 2016 and the required modernisation of the IT systems were all advanced further. The first products in the life insurance sector are already being processed via UNIQA's new IT core system.

- The company's capitalisation is strong, also in comparison to European peer companies. The solvency capital requirement (SCR) ratio remains at a high level. With such a solid capital foundation, UNIQA can afford to boldly and optimistically shape its future with significant investments and thus grow in every respect.

The thorough preparation of the new UNIQA 3.0 strategic programme (2020–2024)

In 2019 the Supervisory Board and its committees discussed the strategic future of the UNIQA Group intensively. Three questions were and still are of central importance here:

- What are our assumptions as regards the world, civil society and its ways of living for 2030?

- What role will financial service providers – and in particular insurance companies – play?

- How can UNIQA clearly differentiate itself from the competition in a tougher market environment that is increasingly characterised by digitalisation?

Under item 2 of this report, I will go into more detail about the main focal points of the deliberations of the Supervisory Board and its committees. In each of these sessions, the challenge of "ambidexterity" was always at the centre of attention: how can we manage to make UNIQA's existing, proven business model simpler, more customer-centred and more efficient, while at the same time providing enough strength, capital and (new) talent for disruptive innovation?

It soon became clear that it would be necessary to streamline the company's organisational structure in order to successfully shape the future for UNIQA while at the same time radically aligning it towards more customer focus. Three customer-centred key departments were set up with so-called end-to-end responsibility for all customer processes: Customers & Markets Austria, Customers & Markets Bancassurance Austria and Customers & Markets International. These three are in turn assisted by six service and support units.

We realise that our decision to fill the Management Board, which has been reduced from eleven to nine members, at the Austrian location exclusively with men raised critical questions in times of indisputable importance of diversity. The Supervisory Board was aware of this consequence, but made its decision following a structured, months-long process after detailed discussions with numerous male and female candidates selected solely on the basis of their professional qualifications and management skills had been held.

I would like to strongly emphasise that the promotion of diversity throughout the company is a major concern for both the Supervisory Board and the Management Board.

2. Timeline and details of our main areas of focus

During 2019 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. The 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. Three seminars were held in 2019 with a special focus on "IFRS 9 and 17", "Cherrisk" (our Hungarian digital start-up), "Innovative, alternative forms of selling" and "UIP (UNIQA Insurance Platform) & IT Strategy".

Focus of our deliberations

The Supervisory Board met on seven occasions in 2019. 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 **20 February**, we mainly discussed the Group's preliminary results for the 2018 financial year and the current business development.

- On **8 April** the shareholder representatives on the Supervisory Board passed a resolution in writing to meet the minimum proportion of women and men on the Supervisory Board required by law separately from the employee representatives on the Supervisory Board.

- The Supervisory Board meeting on **9 April** focused on the audit of the annual financial statements and consolidated financial statements for the year ended 31 December 2018 and on the reports from the Management Board with up-to-date information on the performance of the Group in the first quarter of 2019. We also discussed the agenda for the 20th Annual General Meeting held on 20 May 2019, in particular the proposal to the Annual General Meeting to elect PwC Wirtschaftsprüfung GmbH as auditors for the 2020 financial year. 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 2018 financial year was also acknowledged.

- Our meeting held on **15 May** was dedicated to a discussion of the Group's earnings situation in the first quarter of 2019 as well as to discussions on the Solvency and Financial Condition Report (SFCR) 2018.

- The Supervisory Board was constituted in the meeting on **20 May** based on the new election of all Supervisory Board members. Furthermore, the Executive Committee was newly elected and the committees of the Supervisory Board appointed.

- At our meeting on **27 August**, we discussed the Group's earnings situation in the first half of 2019, the developments in the ongoing third quarter of 2019 and the ORSA Report 2019 (Own Risk and Solvency Assessment) of the Management Board. Special attention was devoted for the first time to the future UNIQA 3.0 strategic programme, which will probably be presented in the third quarter of 2020. In this context, we asked the Management Board to comment on a number of open questions, which mainly related to general, long-term developments in global financial services.

- In an extraordinary meeting on **30 September**, the Supervisory Board discussed exclusively and for a second time the future strategic orientation of the Group within the framework of our UNIQA 3.0 strategic programme. Among other things, several versions of a customer-centred form of organisation were presented and discussed in detail.

- In addition to receiving reports on the results of the Group for the first three quarters of 2019 and the latest information on performance in the fourth quarter of 2019, the Supervisory Board meeting on **19 November** involved discussions on the forecast for the 2019 financial year, intensive planning for the 2020 financial year and the medium-term planning up to 2024. In addition, the UNIQA 3.0 strategic programme was discussed in detail for the third time. In order to define the organisational framework and to enable the future Management Board team to detail its work, the Supervisory Board's decisions targeted the structural and personnel future of the Group. Furthermore, the Supervisory Board evaluated its activities in accordance with the Austrian Code of Corporate Governance and dealt with the changed requirements for remuneration schemes under the European Shareholder Rights Directive.

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 work of the **Executive Committee** of the Supervisory Board, which consists of the same members as the **Committee for Board Affairs** and the **Nominating and Remuneration Committee** for the Management Board, was particularly important in 2019. In the seven meetings which took place, the Committee dealt intensively with the development of the UNIQA 3.0 strategic programme, interviewing candidates for management positions in the Group, filling Management Board positions, discussing the remuneration strategy and succession planning.

- The **Audit Committee** held three meetings in 2019 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 9 April, with the Compliance Manager's annual activity report for 2018 also submitted and acknowledged in particular. At the meeting held on 15 May, the auditor presented the planning for the audit of the 2019 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) 2018. At the meeting held on 19 November, the auditor informed the Committee about the findings from its preliminary audits. 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 **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 five meetings.

- The **Working Committee** did not hold any meetings in the past financial year. A decision on a real estate project was made by way of circular resolution.

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

3. 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 2019 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 2019 financial year. The audit raised no objections. The separate and consolidated financial statements were each awarded an unqualified audit opinion for 2019.

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 2019 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 2019 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 2019 and approved the 2019 annual financial statements of UNIQA Insurance Group AG. It also endorsed both the Management Report and the Group Management Report. The 2019 annual financial statements were thereby adopted in accordance with Section 96(4) of the Austrian Stock Corporation Act.

The Supervisory Board reserves the right to review and/or approve the proposal for the appropriation of profit submitted by the Management Board due to the COVID-19 crisis until further notice.

Once again this year on behalf of the entire Supervisory Board, I would like to thank all the employees of UNIQA Insurance Group AG and all Group companies for their major personal commitment in the 2019 financial year and wish them every continued success for their future.

Vienna, April 2020

On behalf of the Supervisory Board

Walter Rothensteiner
Chairman of the Supervisory Board

Financial Report

Group Management Report

Economic environment

The macroeconomic environment continued to cool down in 2019. According to forecasts (OECD), the world economy grew by 2.9 per cent, its lowest rate since the 2008/2009 financial crisis. World trade is stagnating despite a deescalation in the US/China trade conflict ("Phase One" deal). The United Kingdom left the European Union on 31 January 2020, although uncertainty over their future trading relationship is continuing to weigh on the economy. Many countries, including Germany, are finding that industry is their weakest link, while their service sectors are flourishing. The downward trend in business confidence reached a first low point at the beginning of 2020. The economic impact of the spread of the coronavirus is still uncertain in March 2020, but there are already signs of a radical impairment of economic activity. Its extent will depend on the duration of the crisis and the public measures to prevent the spread on the one hand, and on the attempts to bridge the temporary losses of income for companies and households on the other.

Gross domestic product (GDP) in the eurozone rose by 1.2 per cent in 2019. This means that growth was slower compared with the previous year. Consumption by private households continued to be bolstered by a healthy labour market: at the end of 2019, the unemployment rate in the eurozone was at a precorona low (7.4 per cent). The Austrian economy put in a solid performance in 2019. Despite growing international risks facing the economy, GDP growth for the year amounted to 1.6 per cent. Although here, too, the economy had cooled off compared with previous years, there were increasing signs of stabilisation on a path of modest growth towards the end of the year. However, a decline in international trade and the demand for industrial goods were curbing growth in the manufacturing sector. By contrast, the trend in the service sector was still very pleasing at the start of 2020, while demand amongst private consumers remained brisk thanks to the robust labour market. Both employment and wages were on the rise, while unemployment was at a very low 4.2 per cent. Disruptions of economic activity caused by people not working, interrupted supply chains, slumps in sectors directly affected by the impact of the coronavirus such as tourism and transport, and the influence of government measures to contain the further spread of the disease are expected to have a major, albeit temporary, effect on the development of the Austrian economy.

The European Central Bank (ECB) performed something of a U-turn in September 2019, bringing a temporary phase of monetary normalisation to an end with new measures to stimulate the economy and push up inflation. It reduced the interest rate on deposits to –0.5 per cent and, in November 2019, the ECB launched another unlimited programme of monthly bond purchases worth €20 billion. Despite this comprehensive monetary policy stimulus, inflation growth remains weak, meaning that a normalisation of monetary policy and interest rates is unlikely to be on the cards for the next few years under the ECB's new president Christine Lagarde as well. A strategic review will be carried out from 2020 onwards to assess the effectiveness and appropriateness of the monetary policy instruments being deployed, amongst other things. The Federal Reserve, the US central bank, completed its midcycle adjustment with three interest rate cuts in 2019. In March 2020 central banks and governments around the world responded to the emerging consequences of the coronavirus spread. In two emergency meetings of the Open Market Committee, the Fed cut key interest rates by a total of 150 basis points. Its target range for key interest rates is thus 0 to 0.25 per cent. Furthermore, both the Fed and the ECB decided on new large-volume bond purchases and extensive measures to supply the money and capital markets with liquidity.

Last year Austria benefited from the still highly favourable economic conditions in Central and Eastern Europe (CEE). Economic growth in UNIQA's core markets in CEE stood at 3.7 per cent (not including Russia) according to forecasts, down slightly on 2018. Nevertheless, CEE is amongst the growth regions enjoying the most rapid expansion and has so far shown itself to be highly resistant to the economic slowdown in the eurozone, an important trading partner for the region. However, negative contagion effects have adversely affected industry and the demand for exports in some countries. In the Czech Republic and Slovakia, economic growth slowed in 2019, with GDP rising by 2.4 and 2.3 per cent respectively according to forecasts. Poland and Hungary, meanwhile, are still enjoying something of a boom (GDP growth of 4.1 and 4.9 per cent respectively). Unemployment hit historic lows in CEE, with the healthy labour market underpinning strong domestic demand.

The Russian economy proved stable, although it offers relatively little potential for growth in the medium term. The planned delivery of national infrastructure projects presents opportunities for some upward movement. Ukraine's economy, meanwhile, was on the road to recovery: inflation fell sharply in 2019, paving the way for more favourable financing conditions. The central banks in both Russia and Ukraine have begun cycles of interest rate cuts.

GDP growth rates in the economies of Southeastern Europe are around 3.4 per cent on average, with the positive trends continuing on the employment markets and inflation at modest levels. The Balkan countries also offer stable economic conditions as a whole. While there are signs of a temporary interruption of the solid economic development due to the effects of the coronavirus, with economic growth in CEE outstripping that in Western Europe by some margin, the process of income and wealth convergence in the region should continue in line with expectations.

Property and casualty insurance remain the driver for growth in Austria

Premium revenues in Austrian property and casualty insurance were strong in 2019 with 4.2 per cent growth to €9.9 billion. Growth was driven by the comprehensive vehicle and passengers' accident insurance (+6.4 per cent) business lines as well as fire, including business interruption (+7.2 per cent). The vehicle liability insurance business line, by contrast, only managed a slight increase in premiums (+1.7 per cent).

The premium attrition trend continued in life insurance, with premiums shrinking by some 2.2 per cent year on year to just under €5.5 billion. As in the previous year, the main reason was the 4.6 per cent drop in single-premium insurance to €0.7 billion. The life insurance business with recurring premiums also experienced a decline, although this was more modest at around 1.9 per cent to just under €4.8 billion.

Health insurance performed slightly less well in 2019 than in the previous year, with growth in premiums of 3.8 per cent to €2.3 billion.

Signs indicate continued growth in the Central and Eastern European markets

As mentioned above, the macroeconomic environment in CEE is in very fine form. Like in previous years, the Eastern European insurance markets were able to capitalise on this sustained positive economic trend again in 2019. According to the results currently available, total premium volumes rose in Central and Eastern Europe (not including Russia) by around 5.0 per cent to an estimated €35 billion. This equates to growth of some €1.5 billion year on year in absolute terms. All CEE markets posted premium growth in 2019 despite the characteristic diversity between them. Growth rates in the individual countries ranged from just under 2 per cent in Poland to some 17 per cent in Bulgaria and Ukraine and are expected to remain well above the eurozone average in 2020–2021 as well.

Increased demand for insurance products fuelled by the sustained economic growth resulted in a marked rise in premiums in the year just passed – particularly in property insurance, where the figure was over 7 per cent. Stimulus for growth came in particular from the household and homeowner sectors as well as from health insurance and the vehicle insurance business lines. The vehicle business lines experienced substantial premium increases, mainly due to higher vehicle inventories as a result of a significant overall rise in new registrations as well as higher average premiums in certain countries.

Developments in the life insurance markets in Central and Eastern Europe, by contrast, were mixed. Following robust premium growth in 2017 and a fall in 2018, however, life insurance once again posted slight premium growth overall in CEE.

Growth in the region depends largely on the trend of the life insurance market in Poland, where the sharp decline in the insurance business involving short-term, single-premium products – which has fallen by some €600 million in all, i.e. about 50 per cent, over the past two years – has cut aggregate growth on the life insurance markets significantly in recent times. This contrasts with another trend of the past few years, which demonstrates that extraordinary premium growth is very likely in some Southeastern European countries on account of their still-underdeveloped life insurance markets.

The next few years should see demand for life insurance in Eastern Europe recover across the board as people will still need their own, independent provision on top of their state pension. Many insurers have also responded to the persistently low interest rates by launching new provision solutions.

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. The sustained positive economic performance in Central and Eastern Europe should lead to further increases in income over the next few years and to higher consumer spending by households. Rising levels of wealth and growing purchasing power also mean greater demand for insurance solutions – and this in a market with some 155 million potential customers (not including Russia).

Both premiums per capita (insurance density) and the share of GDP contributed by the insurance industry (insurance penetration) in CEE are still well below the Western European market average, illustrating quite clearly the immense catch-up potential that these insurance markets continue to offer.

UNIQA Group

With a premium volume written (including savings portions from unit-linked and index-linked life insurance) of €5,372.6 million, the UNIQA Group is among the leading insurance groups in Central and Eastern Europe. The savings portion from the unit-linked and index-linked life insurance in the amount of €309.8 million was set off against the change in insurance provision, pursuant to FAS 97 (US GAAP). Without taking the savings portion from the unit-linked and index-linked life insurance into consideration, the premium volume written amounted to €5,062.8 million.

UNIQA in Europe

UNIQA offers its products and services via all distribution channels (hired sales force, general agencies, brokers, banks and direct sales) and covers virtually the entire range of insurance lines. UNIQA is the second-largest insurance group in Austria, with a presence in 15 countries of the CEE growth region: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, 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 the amount of €2,846.8 million in 2019 (2018: €2,774.4 million) – which is 53.0 per cent (2018: 52.3 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 business segment attractive as a result.

Health insurance

Health insurance in Austria includes voluntary health insurance for private customers, commercial preventive healthcare and optout 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. Group-wide, in 2019, premiums written totalled €1,130.8 million, (2018: €1,086.4 million) – which is 21.0 per cent (2018: 20.5 per cent) of total premium volume. UNIQA is the undisputed market leader in this strategically important business line 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: policy terms are 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) of €1,394.9 million Group-wide in 2019 (2018: €1,448.6 million) – which is 26.0 per cent (2018: 27.3 per cent) of total premium volume.

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 33 Austrian (2018: 34) and 57 international (2018: 59) subsidiaries along with six Austrian (2018: 6) and one international (2018: 1) investment fund under the Group's control. The associates are five domestic (2018: 5) and one international company (2018: 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 and measurement methods 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 2018 financial year. See note 37 in the consolidated financial statements for further details.

Risk reporting

UNIQA's comprehensive risk report is included in the notes to the 2019 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

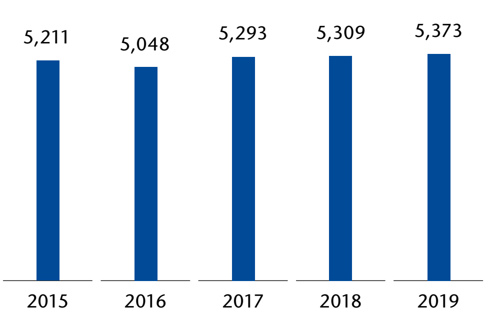
- Premiums written (including savings portions from unit-linked and index-linked life insurance) rose by 1.2 per cent to €5,372.6 million
- Combined ratio improved from 96.8 per cent to 96.4 per cent
- Earnings before taxes stable at €295.7 million
- Consolidated profit of €232.4 million
- Proposed dividend increased by 1 cent to €0.54 per share for 2019
- Pre-tax profit at 2019 levels expected for 2020

UNIQA Group
In € million

	2019	2018	2017
Premiums written including savings portions from unit-linked and index-linked life insurance	5,372.6	5,309.5	5,293.3
Cost ratio (after reinsurance)	27.2%	25.9%	25.0%
Combined ratio (after reinsurance)	96.4%	96.8%	97.5%
Earnings before taxes	295.7	294.6	264.6
Consolidated profit/(loss) (proportion of the net profit for the period attributable to the shareholders of UNIQA Insurance Group AG)	232.4	243.3	171.8

Changes in premiums
UNIQA's total premium volume, including savings portions from unit-linked and index-linked life insurance in the amount of €309.8 million (2018: €320.5 million), increased by 1.2 per cent to €5,372.6 million in 2019 (2018: €5,309.5 million).

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



In the area of insurance policies with recurring premium payments, there was an encouraging rise of 1.4 per cent to €5,267.9 million (2018: €5,196.7 million). In the single premium business, however, the premium volume decreased by 7.2 per cent to €104.6 million (2018: €112.7 million) in line with the strategy.

Premiums written in property and casualty insurance increased by 2.6 per cent to €2,846.8 million in 2019 (2018: €2,774.4 million). In health insurance, premiums written in the reporting period rose by 4.1 per cent to €1,130.8 million (2018: €1,086.4 million). In life insurance, premiums written including savings portions from unit-linked and index-linked life insurance fell by 3.7 per cent overall to €1,394.9 million (2018: €1,448.6 million). Reasons for this included the strategic withdrawal from the single-premium business and subdued demand due to persistently low interest rates.

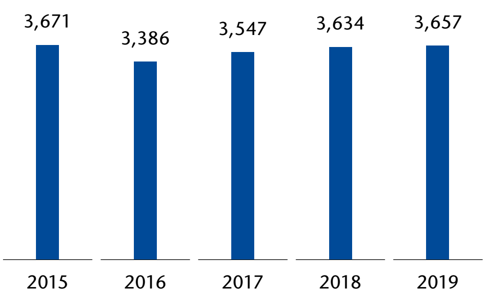
The Group premiums earned, including savings portions from unit-linked and index-linked life insurance (after reinsurance) in the amount of €309.8 million (2018: €320.9 million), rose by 1.8 per cent to €5,170.8 million (2018: €5,081.7 million). The volume of premiums earned (net, in accordance with IFRSs) increased by as much as 2.1 per cent to €4,861.1 million (2018: €4,760.7 million).

Changes in insurance benefits

In the 2019 financial year, insurance benefits before reinsurance (see note 8 in the consolidated financial statements) dropped by 1.2 per cent to €3,756.3 million (2018: €3,800.2 million). Consolidated net insurance benefits rose less sharply than premiums earned, increasing by 0.6 per cent to €3,657.1 million in the past year (2018: €3,633.7 million).

Insurance benefits (net)

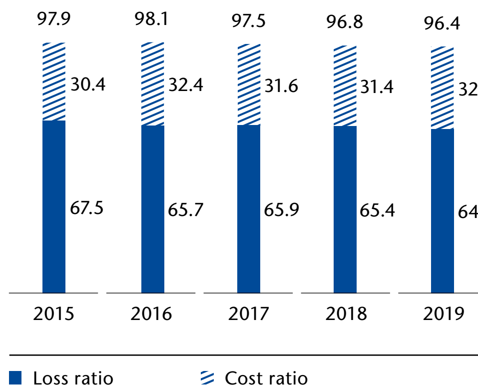
In € million



The loss ratio after reinsurance in property and casualty insurance fell to 64.2 per cent in 2019 (2018: 65.4 per cent) on the back of a favourable trend in basic losses. The combined ratio after reinsurance thus improved to 96.4 per cent (2018: 96.8 per cent) despite a higher cost ratio 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 7.0 per cent to €1,407.1 million in the 2019 financial year (2018: €1,314.7 million). Expenses for the acquisition of insurance less reinsurance commission and share of profit from reinsurance ceded in the amount of €17.9 million (2018: €13.6 million) rose by 6.5 per cent to €907.4 million (2018: €851.9 million) due to increased amortisation of deferred acquisition costs in life insurance. Other operating expenses increased by 8.0 per cent to €499.7 million (2018: €462.7 million) as a result of higher staff and IT costs. This line item includes expenses for the innovation and investment programme amounting to around €51 million (2018: approx. €43 million).

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 27.2 per cent during the past year (2018: 25.9 per cent) as a result of the developments mentioned above. The cost ratio before reinsurance rose to 26.7 per cent (2018: 25.2 per cent).

Property and casualty insurance

In € million

	2019	2018	2017
Premiums written	2,846.8	2,774.4	2,639.7
Insurance benefits (net)	–1,719.5	–1,690.1	–1,644.8
Loss ratio (after reinsurance)	64.2%	65.4%	65.9%
Operating expenses (net)	–861.2	–811.0	–788.5
Cost ratio (after reinsurance)	32.2%	31.4%	31.6%
Combined ratio (after reinsurance)	96.4%	96.8%	97.5%
Net investment income	122.1	128.1	119.7
Earnings before taxes	116.0	120.3	95.1
Technical provisions (net)	3,061.3	2,970.6	2,939.7

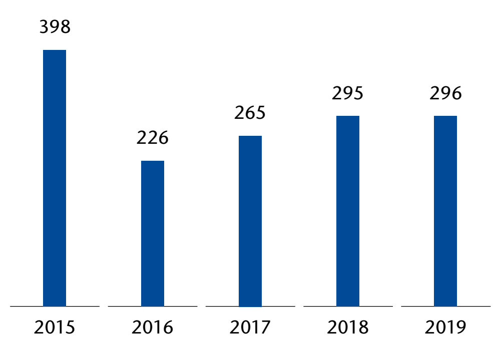
Health insurance
In € million

	2019	2018	2017
Premiums written	1,130.8	1,086.4	1,042.0
Insurance benefits (net)	–960.3	–908.0	–877.6
Operating expenses (net)	–187.8	–183.9	–168.0
Cost ratio (after reinsurance)	16.7%	17.0%	16.2%
Net investment income	109.0	103.4	116.4
Earnings before taxes	94.9	96.2	109.7
Technical provisions (net)	3,359.1	3,190.9	3,037.7

Results
The technical result of the UNIQA Group deteriorated by a substantial 25.2 per cent to €99.5 million in 2019 (2018: €133.1 million) due to the increased cost burden. Operating profit improved slightly by 1.4 per cent to €354.9 million (2018: €350.1 million).

Earnings before taxes at UNIQA remained virtually unchanged despite the poorer technical result, rising slightly by 0.4 per cent to €295.7 million (2018: €294.6 million). This was possible because the weaker technical result was offset by a rise in other comprehensive income. The profit/(loss) for the period rose by 0.6 per cent to €236.5 million (2018: €235.1 million). Income tax expense fell to €59.2 million in 2019 (2018: €59.5 million), while the tax burden was 20.0 per cent (2018: 20.2 per cent).

Earnings before taxes
In € million



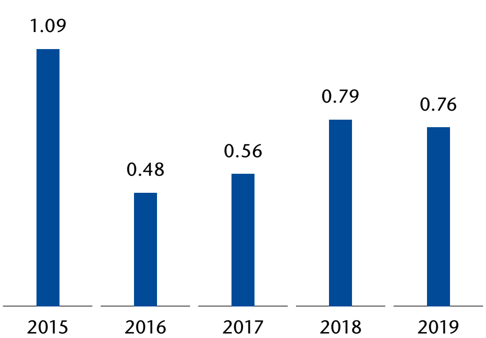
Investments
The UNIQA Group's investment portfolio (including investment property, financial assets accounted for using the equity method and other investments) expanded by €1,287.7 million to €20,624.8 million in the 2019 financial year (31 December 2018: €19,337.1 million). This was mainly due to the general fall in interest rates on the international financial markets.

Net investment income remained on a par with the previous year at €585.2 million (2018: €585.0 million) despite the persistently low interest rates, thanks mainly to increased gains from the sale of real estate and fixed-income securities. The recognition of the 14.3 per cent equity-accounted holding in STRABAG SE also contributed €57.4 million to net income in 2019 (2018: €51.4 million). The previous year's figure had included a capital gain of €47.4 million from the sale of the indirect holding in Casinos Austria Aktiengesellschaft. 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 rose by 8.5 per cent to €192.4 million in 2019 (2018: €177.3 million), while other operating expenses fell by 8.9 per cent to €191.1 million in the reporting year (2018: €209.7 million).

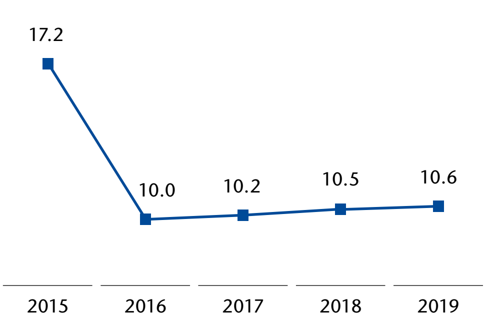
The consolidated profit, i.e. the proportion of the net profit for the period attributable to the shareholders of UNIQA Insurance Group AG, amounted to €232.4 million (2018: €243.3 million). This pushed earnings per share down slightly to €0.76 (2018: €0.79).

Earnings per share
In € million



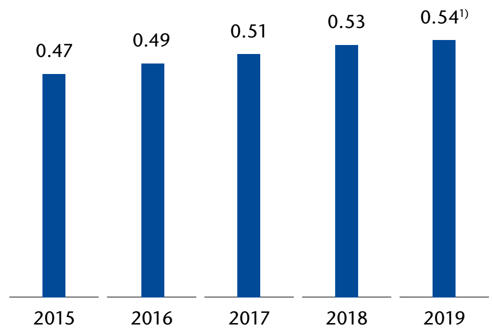
Operating return on equity (earnings before taxes and amortisation of goodwill and impairment losses in relation to average equity, including non-controlling interests and excluding the accumulated profits of the valuation of financial instruments available for sale) came to 10.6 per cent in 2019 (2018: 10.5 per cent). The return on equity (after tax and non-controlling interests) declined to 7.3 per cent in the reporting year (2018: 7.9 per cent).

Operating return on equity
In per cent



On this basis, the Management Board will propose a dividend of €0.54 per share to the Supervisory Board and the Annual General Meeting (2018: €0.53 per share).

Dividend per share
In €



[1] Proposal to the Annual General Meeting

Own funds and total assets
Total equity attributable to the shareholders of UNIQA Insurance Group AG increased by €428.9 million to €3,401.0 million in the past financial year (31 December 2018: €2,972.1 million). This was due to the increased measurement of financial instruments available for sale caused by the general fall in interest rates. Non-controlling interests came to €19.4 million (31 December 2018: €14.4 million). Total assets amounted to €28,728.4 million at 31 December 2019 (31 December 2018: €28,503.8 million).

Life insurance

In € million	2019	2018	2017
Premiums written including savings portions from unit-linked and index-linked life insurance	1,394.9	1,448.6	1,611.6
Insurance benefits (net)	–977.3	–1,035.7	–1,025.0
Operating expenses (net)	–358.1	–319.8	–319.5
Cost ratio (after reinsurance)	26.1%	22.6%	20.3%
Net investment income	354.1	353.5	336.0
Earnings before taxes	84.8	78.2	59.9
Technical provisions (net)	15,666.7	15,483.4	15,815.9
of which technical provisions for unit-linked and index-linked life insurance (net)	4,646.0	4,721.8	4,727.4

Cash flow

UNIQA's net cash flow from operating activities amounted to €519.9 million in 2019 (2018: €–4.8 million). The cash flow from investing activities was €–526.9 million (2018: €210.0 million) while net cash flow from financing activities came to €–958.9 million (2018: €588.9 million). Overall, cash and cash equivalents fell by €964.8 million to €479.6 million in the 2019 financial year (2018: €1,444.4 million).

Employees

In 2019 the average number of employees (full-time equivalents, or FTEs) at UNIQA rose slightly to 13,038 (2018: 12,818). These included 4,202 (2018: 4,271) field sales employees. The number of employees in administration amounted to 8,836 (2018: 8,547).

In 2019 the Group had an average of 2,766 FTEs (2018: 2,708) in the Central Europe (CE) region – Poland, Slovakia, the Czech Republic and Hungary – as well as 2,278 FTEs (2018: 2,242) in the Southeastern Europe (SEE) region – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Montenegro, North Macedonia and Serbia – and 1,647 FTEs (2018: 1,654) in the Eastern Europe (EE) region – Romania and Ukraine. There were 112 FTEs (2018: 108) working in Russia (RU). The average number of FTEs in the Western European markets in 2019 was 42 (2018: 48). A total of 6,193 FTEs were employed in Austria (2018: 6,058). Including the employees of the general agencies working exclusively for UNIQA, the total number of people working for the Group amounts to about 19,200.

In 2019 women made up 55 per cent of the staff working in administrative positions at UNIQA in Austria (2018: 55 per cent). In sales the ratio was 82 per cent men to 18 per cent women (2018: 83 per cent men to 17 per cent women). 15.4 per cent (2018: 14.6 per cent) of employees were working part time. The average age in the past year was 44 years (2018: 44 years).

In Austria almost all employees have a share in the company's success through some form of variable participation programme. This will be either a bonus for managers and selected key employees or an employee participation programme. In 2019 14 per cent (2018: 14 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 2019 a total of 79 per cent took part in the employee participation programme (2018: 76 per cent) in the form of a bonus. Everyone who has an employment relationship for the entire financial year is entitled to participate. Whether an employee participation bonus is paid depends on whether a profit target is met and to what extent other important corporate goals are achieved.

In addition, UNIQA offers young people in training the opportunity to get to know foreign cultures and make international contacts. Currently 81 apprentices are being trained.

Operating segments

UNIQA Austria

- Premiums written (including savings portions from unit-linked and index-linked life insurance) rose to €3,800.8 million
- Cost ratio increased to 20.8 per cent
- Combined ratio improved from 91.6 per cent to 93.9 per cent
- Earnings before taxes fell to €168.6 million

UNIQA Austria In € million	2019	2018	2017
Premiums written including savings portions from unit-linked and index-linked life insurance	3,800.8	3,734.4	3,656.6
Cost ratio (after reinsurance)	20.8%	18.6%	18.3%
Combined ratio (after reinsurance)	93.9%	91.6%	91.8%
Earnings before taxes	168.6	231.7	262.5

Changes in premiums

At UNIQA Austria, premiums written including savings portions from unit-linked and index-linked life insurance increased by 1.8 per cent to €3,800.8 million in 2019 (2018: €3,734.4 million). Recurring premiums also rose by 1.8 per cent to €3,775.7 million (2018: €3,707.4 million). In contrast, single-premium business fell slightly by 7.1 per cent to €25.1 million (2018: €27.0 million).

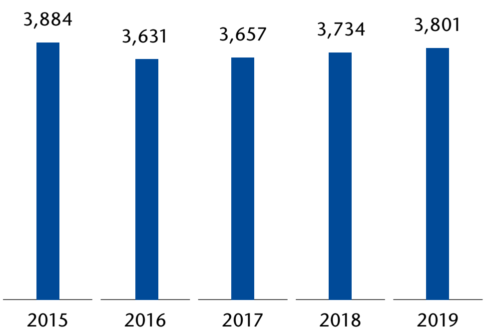
Including savings portions from unit-linked and index-linked life insurance, the volume of premiums earned at UNIQA Austria amounted to €3,057.0 million (2018: €3,031.8 million). The volume of premiums earned (net, in accordance with IFRSs) rose by 1.2 per cent to €2,845.4 million in 2019 (2018: €2,811.6 million).

While premiums written in property and casualty insurance rose by a very pleasing 3.4 per cent to €1,760.7 million (2018: €1,703.5 million), they increased even more strongly in health insurance, up by 4.7 per cent to €1,056.3 million (2018: €1,008.9 million). In life insurance (including savings portions from unit-linked and index-linked life insurance), by contrast, they fell by 3.7 per cent to €983.9 million (2018: €1,022.0 million).

Property and casualty insurance In € million	2019	2018	2017
Premiums written	1,760.7	1,703.5	1,621.8
Insurance benefits (net)	–688.3	–691.2	–675.8
Loss ratio (after reinsurance)	65.6%	66.9%	67.6%
Operating expenses (net)	–297.4	–255.4	–241.8
Cost ratio (after reinsurance)	28.3%	24.7%	24.2%
Combined ratio (after reinsurance)	93.9%	91.6%	91.8%
Net investment income	33.7	39.0	43.0
Earnings before taxes	83.1	112.8	110.2
Technical provisions (net)	1,099.3	1,090.3	1,056.1

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 1.6 per cent to €1,049.8 million (2018: €1,033.1 million); in health insurance, they increased by 4.2 per cent to €1,050.6 million (2018: €1,008.1 million). However, in life insurance, they fell by 3.3 per cent to €744.9 million (2018: €770.4 million). Including savings portions from unit-linked and index-linked life insurance, the volume of premiums earned in life insurance amounted to €956.6 million (2018: €990.6 million).

Changes in insurance benefits

Net insurance benefits at UNIQA Austria increased slightly by 1.1 per cent to €2,417.3 million in 2019 (2018: €2,390.3 million). They fell 0.4 per cent in property and casualty insurance to €688.3 million (2018: €691.2 million). As a result, the loss ratio in property and casualty insurance fell to 65.6 per cent in the 2019 financial year (2018: 66.9 per cent). Nevertheless, the combined ratio in the UNIQA Austria segment increased after reinsurance to 93.9 per cent (2018: 91.6 per cent) due to the higher cost ratio. Net insurance benefits in health insurance increased by 6.3 per cent to €918.7 million (2018: €864.4 million). However, in life insurance, they fell by 2.9 per cent to €810.3 million (2018: €834.7 million).

Operating expenses

Operating expenses less reinsurance commission and share of profit from reinsurance ceded, which amounted to €190.5 million (2018: €183.2 million), increased by 12.5 per cent to €635.7 million in the 2019 financial year (2018: €564.9 million) as a result of higher staff and IT costs. In property and casualty insurance, they rose by 16.4 per cent to €297.4 million (2018: €255.4 million). In health insurance, they also grew 8.9 per cent to reach €153.3 million (2018: €140.9 million). In life insurance, too, they increased by 9.7 per cent to €185.1 million (2018: €168.6 million).

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, thus rose to 20.8 per cent during the past year (2018: 18.6 per cent).

Net investment income

Net investment income in the UNIQA Austria segment rose by 1.4 per cent to €424.1 million in 2019 (2018: €418.3 million).

Health insurance

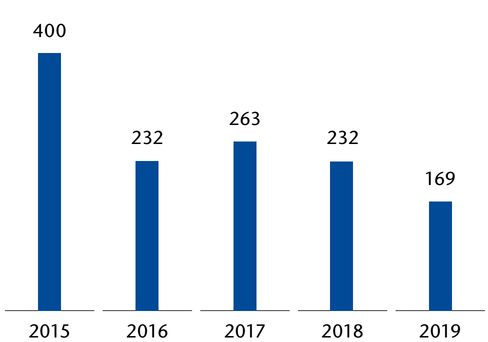
In € million	2019	2018	2017
Premiums written	1,056.3	1,008.9	979.7
Insurance benefits (net)	–918.7	–864.4	–849.5
Operating expenses (net)	–153.3	–140.9	–128.7
Cost ratio (after reinsurance)	14.6%	14.0%	13.1%
Net investment income	101.2	103.0	117.7
Earnings before taxes	80.0	107.0	116.8
Technical provisions (net)	3,311.3	3,151.4	3,005.2

Life insurance
In € million

	2019	2018	2017
Premiums written including savings portions from unit-linked and index-linked life insurance	983.9	1,022.0	1,055.2
Insurance benefits (net)	–810.3	–834.7	–814.5
Operating expenses (net)	–185.1	–168.6	–177.9
Cost ratio (after reinsurance)	19.3%	17.0%	17.6%
Net investment income	289.1	276.3	291.7
Earnings before taxes	5.5	12.0	35.6
Technical provisions (net)	14,018.1	13,910.8	14,089.6

Earnings before taxes
Earnings before taxes at UNIQA Austria declined by 27.2 per cent to €168.6 million in the reporting year (2018: €231.7 million), mainly due to higher costs. They fell by 26.3 per cent in property and casualty insurance to €83.1 million (2018: €112.8 million). In health insurance, they decreased by 25.3 per cent to €80.0 million (2018: €107.0 million). Earnings before taxes also dropped in life insurance, in this case by 54.0 per cent to €5.5 million (2018: €12.0 million).

Earnings before taxes UNIQA Austria
In € million



UNIQA International

- Premiums written (including savings portions from unit-linked and index-linked life insurance) fell slightly to €1,561.2 million
- Combined ratio improved to 95.0 per cent
- The technical result rose to €39.7 million
- Earnings before taxes further increased to €70.6 million

UNIQA International
In € million

	2019	2018	2017
Premiums written including savings portions from unit-linked and index-linked life insurance	1,561.2	1,564.6	1,608.5
Cost ratio (after reinsurance)	38.3%	35.6%	31.2%
Combined ratio (after reinsurance)	95.0%	95.5%	97.1%
Earnings before taxes	70.6	55.1	42.8

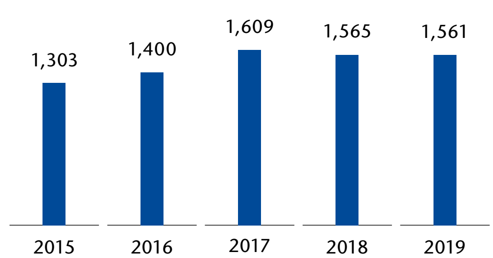
Changes in premiums

In the UNIQA International segment, premiums written including savings portions from unit-linked and index-linked life insurance fell slightly by 0.2 per cent to €1,561.2 million in the 2019 financial year (2018: €1,564.6 million). While recurring premiums rose by 0.2 per cent to €1,481.8 million (2018: €1,479.0 million), single premiums decreased as planned by 7.2 per cent to €79.5 million (2018: €85.7 million). That means that in 2019 the international companies contributed a total of 29.1 per cent (2018: 29.5 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 €1,082.6 million (2018: €1,059.1 million). The volume of premiums earned (net, in accordance with IFRSs) increased in 2019 by 2.7 per cent to €984.5 million (2018: €958.4 million).

Premiums written in property and casualty insurance increased by 0.9 per cent to €1,076.9 million (2018: €1,067.4 million), whereas they fell in health insurance by 3.9 per cent to €74.6 million (2018: €77.6 million). In life insurance, premiums written including savings portions from unit-linked and index-linked life insurance fell by 2.4 per cent to €409.8 million (2018: €419.7 million) due to the planned withdrawal from the single-premium business.

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 5.0 per cent to €614.1 million (2018: €584.8 million); in health insurance, they increased by 1.7 per cent to €67.0 million (2018: €65.8 million). However, in life insurance, they fell by 1.4 per cent to €303.5 million (2018: €307.7 million). Including savings portions from unit-linked and index-linked life insurance, the volume of premiums earned in life insurance amounted to €401.6 million (2018: €408.4 million).

In the Central Europe region (CE) – Poland, Slovakia, the Czech Republic and Hungary – premiums written including savings portions from unit-linked and index-linked life insurance increased by 1.0 per cent to €943.7 million in the 2019 financial year (2018: €934.0 million). In Eastern

Property and casualty insurance

In € million

	2019	2018	2017
Premiums written	1,076.9	1,067.4	997.3
Insurance benefits (net)	–347.6	–339.2	–316.2
Loss ratio (after reinsurance)	56.6%	58.0%	58.1%
Operating expenses (net)	–235.7	–219.6	–212.5
Cost ratio (after reinsurance)	38.4%	37.5%	39.0%
Combined ratio (after reinsurance)	95.0%	95.5%	97.1%
Net investment income	25.3	23.8	28.2
Earnings before taxes	24.1	17.5	15.5
Technical provisions (net)	678.6	653.7	631.8

Europe (EE) – Romania and Ukraine – they rose sharply by 13.8 per cent to €201.5 million (2018: €177.0 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 4.0 per cent to €319.4 million (2018: €307.0 million) in the 2019 financial year. In Russia (RU), by contrast, they fell by 10.8 per cent to €88.5 million (2018: €99.2 million). They also declined in Western Europe (WE) – Liechtenstein and Switzerland – in this case to €8.1 million (2018: €47.3 million).

Changes in insurance benefits

Net insurance benefits at UNIQA International fell by 3.6 per cent to €541.6 million in 2019 (2018: €561.8 million). They rose 2.5 per cent in property and casualty insurance to €347.6 million (2018: €339.2 million). In health insurance, they fell by 5.8 per cent to €38.8 million (2018: €41.3 million). They also decreased in life insurance, down by 14.5 per cent to €155.1 million (2018: €181.4 million). This pushed the loss ratio in property and casualty insurance down to 56.6 per cent in 2019 (2018: 58.0 per cent), while the combined ratio after reinsurance in the UNIQA International segment improved to 95.0 per cent (2018: 95.5 per cent).

In the Central Europe region, insurance benefits rose by 2.3 per cent to €278.4 million in 2019 (2018: €272.2 million); in the Eastern Europe region, however, they fell by 11.2 per cent to €55.6 million (2018: €62.7 million). In Southeastern Europe, meanwhile, they increased by 2.6 per cent to €137.5 million (2018: €134.0 million). At €69.2 million (2018: €79.2 million), benefits in Russia were down 12.6 per cent year on year. It was similar in Western Europe, where they fell to €0.8 million (2018: €13.7 million).

Operating expenses

Operating expenses less reinsurance commission and share of profit from reinsurance ceded, which amounted to €133.0 million (2018: €130.6 million), increased by 10.2 per cent to €414.9 million in the 2019 financial year (2018: €376.6 million). In property and casualty insurance, they rose by 7.4 per cent to €235.7 million (2018: €219.6 million); in health insurance, by contrast, they fell by 13.6 per cent to €21.3 million (2018: €24.7 million). In life insurance, they increased 19.3 per cent to reach €157.9 million (2018: €132.4 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 38.3 per cent during the past year (2018: 35.6 per cent).

In Central Europe, operating expenses less reinsurance commission and share of profit from reinsurance ceded rose by 0.7 per cent to €190.9 million in the reporting year (2018: €189.6 million). In Eastern Europe, they rose by 46.9 per cent to €83.5 million (2018: €56.9 million), and in Southeastern Europe they increased by 8.9 per cent to €101.3 million (2018: €93.1 million). In Russia, costs rose by 17.9 per cent to €16.4 million (2018: €13.9 million), while they fell in Western Europe by 35.3 per cent to €2.1 million (2018: €3.2 million). In administration (UNIQA International AG), costs increased by 3.3 per cent to €20.7 million (2018: €20.0 million).

Health insurance

In € million

	2019	2018	2017
Premiums written	74.6	77.6	62.8
Insurance benefits (net)	–38.8	–41.3	–36.3
Operating expenses (net)	–21.3	–24.7	–21.8
Cost ratio (after reinsurance)	31.8%	37.5%	38.1%
Net investment income	0.4	0.5	0.3
Earnings before taxes	7.1	0.2	–0.1
Technical provisions (net)	44.8	37.2	32.3

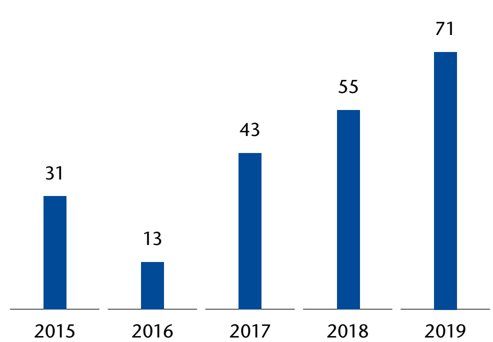
Life insurance
In € million

	2019	2018	2017
Premiums written including savings portions from unit-linked and index-linked life insurance	409.8	419.7	548.4
Insurance benefits (net)	–155.1	–181.4	–185.2
Operating expenses (net)	–157.9	–132.4	–121.7
Cost ratio (after reinsurance)	39.3%	32.4%	22.6%
Net investment income	35.9	57.5	42.9
Earnings before taxes	39.4	37.5	27.4
Technical provisions (net)	1,654.4	1,577.7	1,647.4

Net investment income
Net investment income in the segment dropped by 24.6 per cent to €61.6 million in 2019 (2018: €81.7 million).

Earnings before taxes
Earnings before taxes in the UNIQA International segment rose by 28.1 per cent to €70.6 million in the reporting year (2018: €55.1 million) on account of the better technical result. Earnings before taxes in property and casualty insurance improved to €24.1 million (2018: €17.5 million); in health insurance, they increased to €7.1 million (2018: €0.2 million). Lastly, in life insurance, earnings before taxes increased by 5.2 per cent to €39.4 million (2018: €37.5 million).

Earnings before taxes UNIQA International
In € million



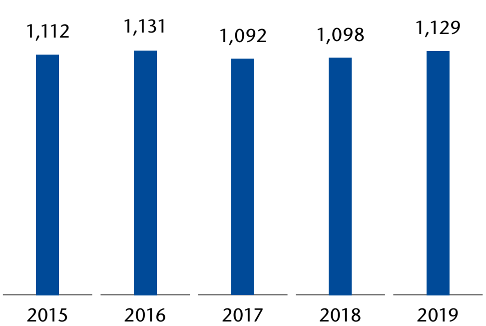
Reinsurance

Reinsurance In € million	2019	2018	2017
Premiums written	1,129.2	1,098.3	1,091.6
Insurance benefits (net)	–700.4	–682.4	–692.5
Operating expenses (net)	–303.7	–299.6	–320.2
Cost ratio (after reinsurance)	29.5%	30.4%	31.9%
Earnings before taxes	33.5	20.9	3.2
Technical provisions (net)	1,406.4	1,352.1	1,458.2

In the reinsurance segment, the premium volume written rose by 2.8 per cent to €1,129.2 million in 2019 (2018: €1,098.3 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) rose by 4.4 per cent to €1,029.3 million (2018: €985.6 million).

Net insurance benefits rose by 2.6 per cent to €700.4 million in 2019 (2018: €682.4 million).

Operating expenses, less reinsurance commission and share of profit from reinsurance ceded in the amount of €10.1 million (2018: €8.6 million), increased by 1.4 per cent to €303.7 million (2018: €299.6 million).

Net investment income climbed to €29.5 million in 2019 (2018: €23.5 million).

This brought earnings before taxes in the reinsurance segment up by 60.4 per cent to €33.5 million (2018: €20.9 million).

Group functions

Group functions In € million	2019	2018	2017
Operating expenses (net)	–48.5	–68.4	–55.3
Net investment income	356.3	309.8	267.2
Earnings before taxes	255.0	185.6	153.7

In the Group functions segment, operating expenses dropped by 29.1 per cent to €48.5 million (2018: €68.4 million).

Net investment income amounted to €356.3 million (2018: €309.8 million).

Earnings before taxes rose to €255.0 million (2018: €185.6 million) in the 2019 financial year.

Consolidation

Consolidation
In € million

	2019	2018	2017
Net investment income	–286.2	–248.3	–247.6
Earnings before taxes	–232.1	–198.7	–197.6

Net investment income in the consolidation segment in 2019 amounted to €–286.2 million (2018: €–248.3 million).

Earnings before taxes amounted to €–232.1 million (2018: €–198.7 million).

Significant events after the reporting date

On 7 February 2020, UNIQA Österreich Versicherungen AG signed a purchase agreement with AXA S.A. and Société Beaujon for the acquisition of shares in the AXA subsidiaries and branches in Poland, the Czech Republic and Slovakia. The purchase price is around €1 billion. The objects of purchase are life and non-life insurance companies, including their branches, as well as securities companies, pension funds and service companies of the AXA Group in the aforementioned countries. This expansion in the growth region of Central and Eastern Europe will see some five million customers move over to UNIQA. The completion of the transaction is subject to all necessary regulatory approvals.

On 19 February 2020, the Management Board and Supervisory Board of UNIQA Insurance Group AG decided to merge UNIQA International AG as the assigning company with UNIQA Österreich Versicherungen AG as the receiving company in the course of 2020, subject to obtaining all regulatory approvals. UNIQA Insurance Group AG will continue to exist as a holding company. However, it will transfer other functions and its holdings in certain service companies – in particular, all internal Group services – to UNIQA Österreich Versicherungen AG. UNIQA Insurance Group AG is to surrender its reinsurance licence and transfer its reinsurance business to UNIQA Österreich Versicherungen AG and UNIQA Re AG. This agreed restructuring will simplify and streamline the Group's structure, enable more efficient Group management and a leaner management structure, and strengthen the customer-oriented organisation.

Since early 2020, a massive spread of the coronavirus (COVID-19) has been observed throughout Europe. Analyses have shown that for UNIQA, as an insurer in the potentially affected segments health insurance, life insurance and business interruption insurance, no significant effects are to be expected with regard to insurance benefits at this time. The overall economic effects of the spread of the coronavirus are still uncertain – in particular, the development of the capital markets as a whole is not yet foreseeable and the consequences for UNIQA cannot therefore be conclusively assessed at present.

Outlook

Economic outlook

The economic slowdown in Austria was mild in 2019. The domestic economy was showing a solid development with an expected GDP increase of 1.6 per cent, and towards the end of the year there were increasing signs of stabilisation on a moderate growth path. Nevertheless, Austria is not completely immune to the international economic risks. For example, a decline in international trade and the demand for industrial goods are curbing growth in the manufacturing sector. By contrast, the trend in the service sector was still very pleasing, and the demand amongst private consumers remained brisk thanks to the robust labour market: Austria recorded both employment and wage growth, and the unemployment rate was at a very low level of 4.5 per cent at the beginning of 2020. Austria has also been profiting from the continuing favourable economic situation in the neighbouring countries of Central and Eastern Europe.

Economic growth in UNIQA's core markets in CEE (not including Russia) stood at 3.7 per cent in 2019 according to forecasts and has thus slowed down compared with 2018. Nevertheless, CEE is amongst the growth regions enjoying the most rapid expansion and has so far shown itself to be highly resistant to the economic slowdown in the eurozone – an important trading partner.

At the beginning of 2020, economic growth in Austria was expected to be comparable to that of the previous year, although the massive spread of the coronavirus is overshadowing developments. Disruptions of economic activities caused by people not working, interrupted supply chains, slumps in sectors directly affected by the impact of the coronavirus such as tourism and transport, and the influence of government measures to contain the further spread of the disease are expected to have a major, albeit temporary, effect on the development of the Austrian economy.

Outlook for the insurance industry

According to forecasts by the Austrian Insurance Association, total premium revenues in Austria are expected to increase again by 1.9 per cent to around €18 billion in 2020. Growth of 3.5 per cent is forecast for property insurance; personal insurance is only likely to grow by 0.3 per cent. Life insurance continues to hold back performance with a decline of an estimated –1.6 per cent, especially in the area of single premiums (–4.0 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 (annual per capita spending on insurance products). In Ukraine, per capita insurance spending is just €36; in the countries of Southeastern Europe this number is around €130, and in Central Europe it is around €400. In comparison, the insurance density in Austria is just under €2,000 and is at €2,150 for the EU as a whole.

UNIQA expects long-term growth dynamism in the CEE markets and therefore assumes that the insurance industry in this region will continue to develop more dynamically in 2020 than in Western Europe and Austria.

Group outlook

At the beginning of 2020, the coronavirus (COVID-19) spread rapidly throughout Europe. The impact on public health systems, public life, macroeconomic development and global capital markets is enormous. The consequences for the insurance industry cannot be estimated at the moment. Due to the uncertainties associated with the current situation and the ongoing development of the UNIQA 3.0 strategic programme, UNIQA is not giving a profit outlook for 2020 at present.

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

1. The share capital of UNIQA Insurance Group AG amounts to €309,000,000 and is comprised of 309,000,000 individual no-par-value bearer shares. €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 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 2024 with the approval of the Supervisory Board by a total of no more than €80,000,000 by issuing up to 80,000,000 no-par-value bearer or registered shares conferring voting rights in exchange 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 2019, 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. Corresponding agreements with other shareholders of STRABAG SE are in place concerning the holding in this company.

9. No reimbursement agreements exist for the event of a public takeover offer.

Disclosures required under 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, measurement, 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 creating appropriate frameworks, there is always a certain residual risk because even appropriate and functional systems cannot guarantee absolute security with regard to the identification and management of risks.

Objectives:

a) Identification and measurement of risks that could obstruct the goal of producing (consolidated) financial statements that comply with regulations

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

c) Review of external risks with regard to their influence on the consolidated financial statements and the corresponding reporting of these risks

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

Organisational structure and control environment

The company's accounting process is incorporated into the UNIQA Group accounting process. In addition to the SAP S/4HANA 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

Rather than being made up of static systems, the internal control and risk management system 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 separate 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 2019 financial year in the amount of €168,233,424.34 (2018: €164,365,414.37). The Management Board will propose to the Annual General Meeting on 25 May 2020 that this net profit be used for a dividend of 54 cents 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, 20 March 2020

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 measurement standards for the individual balance sheet items in the assets and liabilities:

Balance sheet item	Standard of measurement
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 measurement of technical provisions
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance	As per the measurement 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 measurement 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 measurement 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 measurement 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 2019

Assets

In € thousand

	Notes	31/12/2019	31/12/2018
Property, plant and equipment	10	351,780	311,062
Intangible assets	11	1,641,116	1,618,885
Investments			
Investment property	1	1,137,444	1,104,146
Financial assets accounted for using the equity method	2	642,414	599,105
Other investments	3	18,844,939	17,633,815
Unit-linked and index-linked life insurance investments	6	4,680,403	4,751,183
Reinsurers' share of technical provisions	5	350,022	413,361
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance	6	113	101
Receivables, including insurance receivables	12	546,659	540,709
Income tax receivables	16	48,660	52,308
Deferred tax assets	15	5,237	5,758
Cash and cash equivalents	13	479,621	1,444,391
Assets in disposal groups held for sale	14	0	28,976
Total assets		**28,728,409**	**28,503,801**

Equity and liabilities

In € thousand

	Notes	31/12/2019	31/12/2018
Equity			
Portion attributable to shareholders of UNIQA Insurance Group AG			
Subscribed capital and capital reserves	20	1,789,923	1,789,923
Treasury shares	21	–16,614	–16,614
Accumulated results		1,627,714	1,198,803
		3,401,023	**2,972,112**
Non-controlling interests	**23**	**19,399**	**14,438**
		3,420,422	**2,986,550**
Liabilities			
Subordinated liabilities		870,110	869,832
Technical provisions	5	17,791,006	17,336,358
Technical provisions for unit-linked and index-linked life insurance	6	4,646,152	4,721,904
Financial liabilities	24	75,516	798,484
Other provisions	17	685,709	662,998
Liabilities and other items classified as liabilities	25	803,095	807,210
Income tax liabilities	16	60,669	64,378
Deferred tax liabilities	15	375,729	254,999
Liabilities in disposal groups held for sale	14	0	1,088
		25,307,986	**25,517,251**
Total equity and liabilities		**28,728,409**	**28,503,801**

Consolidated Income Statement from 1 January until 31 December 2019

In € thousand

	Notes	1–12/2019	1–12/2018 adjusted
Premiums earned (net)	7		
Gross		5,034,721	4,950,079
Reinsurers' share		−173,651	−189,335
		4,861,071	**4,760,744**
Technical interest income		**331,238**	**335,586**
Other insurance income			
Gross		21,438	32,302
Reinsurers' share		75	92
		21,514	**32,395**
Insurance benefits	8		
Gross		−3,756,264	−3,800,194
Reinsurers' share		99,186	166,447
		−3,657,078	**−3,633,748**
Operating expenses	9		
Expenses for the acquisition of insurance		−925,258	−865,546
Other operating expenses		−499,741	−462,706
Reinsurance commission and share of profit from reinsurance ceded		17,883	13,599
		−1,407,116	**−1,314,653**
Other technical expenses			
Gross		−46,360	−41,525
Reinsurers' share		−3,742	−5,725
		−50,102	**−47,250**
Technical result		**99,526**	**133,074**
Net investment income	4		
Income from investments		768,959	917,575
Expenses from investments		−248,143	−441,735
Financial assets accounted for using the equity method		64,428	109,189
		585,244	**585,029**
Other income	26	**192,359**	**177,258**
Reclassification of technical interest income		**−331,238**	**−335,586**
Other expenses	27	**−191,019**	**−209,683**
Non-technical result		**255,346**	**217,018**
Operating profit/(loss)		**354,872**	**350,092**
Amortisation of goodwill and impairment losses		**−4,562**	**−2,674**
Finance cost		**−54,643**	**−52,800**
Earnings before taxes		**295,667**	**294,618**
Income taxes	16	**−59,172**	**−59,470**
Profit/(loss) for the period		**236,496**	**235,148**
of which attributable to shareholders of UNIQA Insurance Group AG		232,360	243,274
of which attributable to non-controlling interests		4,135	−8,126
Earnings per share (in €)[1)]		**0.76**	**0.79**
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 2019

In € thousand

	1–12/2019	1–12/2018
Profit/(loss) for the period	**236,496**	**235,148**
Items not reclassified to profit or loss in subsequent periods		
Revaluations of defined benefit obligations		
Gains (losses) recognised in equity	–66,648	–17,517
Gains (losses) recognised in equity – deferred tax	16,651	4,379
Other income from financial assets accounted for using the equity method		
Gains (losses) recognised in equity	459	4,283
	–49,538	**–8,855**
Items reclassified to profit or loss in subsequent periods		
Currency translation		
Gains (losses) recognised in equity	10,294	–7,155
Recognised in the consolidated income statement	10	0
Measurement of financial instruments available for sale		
Gains (losses) recognised in equity	1,003,627	–345,092
Gains (losses) recognised in equity – deferred tax	–136,544	61,103
Gains (losses) recognised in equity – deferred profit participation	–447,828	101,135
Recognised in the consolidated income statement	–46,216	–99,926
Recognised in the consolidated income statement – deferred tax	13,724	–1,525
Recognised in the consolidated income statement – deferred profit participation	16,336	31,140
Other income from financial assets accounted for using the equity method		
Gains (losses) recognised in equity	1,550	–5,443
Recognised in the consolidated income statement	0	148
	414,952	**–265,614**
Other comprehensive income	**365,414**	**–274,469**
Total comprehensive income	**601,910**	**–39,320**
of which attributable to shareholders of UNIQA Insurance Group AG	591,889	–28,677
of which attributable to non-controlling interests	10,020	–10,643

Consolidated Statement of Cash Flows from 1 January until 31 December 2019

In € thousand

	Notes	1–12/2019	1–12/2018
Profit/(loss) for the period		236,496	235,148
Impairment losses, amortisation of goodwill and other intangible assets, and depreciation of property, plant and equipment		59,673	42,397
Impairment losses/reversal of impairment losses on other investments		70,616	61,040
Gain/loss on the disposal of investments		−74,458	−40,202
Change in deferred acquisition costs		28,299	−18,939
Change in securities at fair value through profit or loss		110,137	143,880
Change in direct insurance receivables		−44,131	79,230
Change in other receivables		51,724	−43,006
Change in direct insurance liabilities		−2,603	−270,341
Change in other liabilities		−11,103	56,505
Change in technical provisions		10,731	−16,238
Change in defined benefit obligations		−27,965	−111,585
Change in deferred tax assets and deferred tax liabilities		13,921	25,795
Change in other statement of financial position items		98,525	−148,439
Net cash flow from operating activities		**519,864**	**−4,755**
Proceeds from disposal of intangible assets and property, plant and equipment		4,615	8,170
Payments for acquisition of intangible assets and property, plant and equipment		−165,074	−122,833
Proceeds from disposal of consolidated companies		0	56,887
Payments for acquisition of consolidated companies		−4,523	−7,971
Proceeds from disposal and maturity of other investments		3,810,353	5,826,647
Payments for acquisition of other investments		−4,243,088	−5,834,229
Change in unit-linked and index-linked life insurance investments		70,779	283,310
Net cash flow from investing activities		**−526,938**	**209,981**
Dividend payments	20	−164,809	−158,143
Transactions between owners		−54	−1,438
Proceeds from other financing activities		0	772,196
Payments from other financing activities	24	−794,017	−23,704
Net cash flow from financing activities		**−958,880**	**588,911**
Change in cash and cash equivalents		**−965,954**	**794,137**
of which due to acquisitions or disposals of consolidated subsidiaries		58	1,894
Change in cash and cash equivalents due to movements in exchange rates		1,185	−54
Cash and cash equivalents at beginning of year	13	1,444,391	650,307
Cash and cash equivalents at end of period	**13**	**479,621**	**1,444,391**
Income taxes paid (Net cash flow from operating activities)		45,053	−31,229
Interest paid (Net cash flow from operating activities)		−60,945	−58,876
Interest received (Net cash flow from operating activities)		401,064	404,984
Dividends received (Net cash flow from operating activities)		52,218	57,961

Consolidated Statement of Changes in Equity

In € thousand	Notes	Subscribed capital and capital reserves	Treasury shares	Measurement of financial instruments available for sale	Accumulated Revaluations of defined benefit obligations
At 1 January 2018		**1,789,923**	**–16,614**	**420,649**	**–251,203**
Change in basis of consolidation					
Dividends to shareholders					
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**
At 1 January 2019		**1,789,923**	**–16,614**	**169,907**	**–264,893**
Change in basis of consolidation					
Dividends to shareholders	20				
Total comprehensive income				**398,051**	**–49,967**
Profit/(loss) for the period					
Other comprehensive income				398,051	–49,967
At 31 December 2019		**1,789,923**	**–16,614**	**567,958**	**–314,860**

results

Differences from currency translation	Other accumulated results	Portion attributable to shareholders of UNIQA Insurance Group AG	Non-controlling interests	Total equity
−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**
−179,722	**1,473,511**	**2,972,112**	**14,438**	**2,986,550**
	−287	−287	−2,942	−3,228
	−162,692	−162,692	−2,117	−164,809
9,436	**234,369**	**591,889**	**10,020**	**601,910**
	232,360	232,360	4,135	236,496
9,436	2,009	359,529	5,885	365,414
−170,286	1,544,902	3,401,023	19,399	3,420,422

Segment Reporting

The accounting and measurement methods of the segments that are subject to mandatory reporting correspond with the consolidated accounting and measurement methods. The earnings before taxes for the segments were determined taking the following components into account: summation of the IFRS profits in the individual companies, taking the elimination of net 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 company UNIQA International AG. This segment is divided on a regional basis into the following main areas:
  - Central Europe (CE – Poland, Slovakia, the 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 1–12/2019	UNIQA Austria 1–12/2018	UNIQA International 1–12/2019	UNIQA International 1–12/2018	Reinsurance 1–12/2019	Reinsurance 1–12/2018
Premiums written (gross), including savings portions from unit-linked and index-linked life insurance	3,800,819	3,734,400	1,561,242	1,564,649	1,129,178	1,098,345
Premiums earned (net), including savings portions from unit-linked and index-linked life insurance	3,057,035	3,031,811	1,082,632	1,059,062	1,029,297	985,588
Savings portions from unit-linked and index-linked life insurance (gross)	211,683	219,802	98,083	100,712	0	0
Savings portions from unit-linked and index-linked life insurance (net)	211,683	220,214	98,083	100,712	0	0
Premiums written (gross)	3,589,137	3,514,598	1,463,159	1,463,937	1,129,178	1,098,345
Premiums earned (net)	2,845,352	2,811,597	984,549	958,350	1,029,297	985,588
Premiums earned (net) – intragroup	–704,769	–662,714	–381,412	–387,285	1,084,309	1,044,792
Premiums earned (net) – external	3,550,121	3,474,312	1,365,961	1,345,636	–55,012	–59,203
Technical interest income	300,108	309,474	31,130	26,112	0	0
Other insurance income	3,842	12,213	20,576	21,921	216	251
Insurance benefits	–2,417,314	–2,390,251	–541,556	–561,788	–700,442	–682,442
Operating expenses	–635,734	–564,868	–414,880	–376,591	–303,674	–299,601
Other technical expenses	–14,873	–14,768	–40,075	–34,419	–15,430	–12,100
Technical result	**81,383**	**163,398**	**39,745**	**33,585**	**9,966**	**–8,303**
Net investment income	424,126	418,322	61,587	81,720	29,450	23,493
Income from investments	539,199	512,177	89,737	96,550	43,163	35,801
Expenses from investments	–133,651	–112,433	–28,319	–15,035	–13,713	–12,308
Financial assets accounted for using the equity method	18,578	18,578	169	206	0	0
Other income	1,565	1,204	23,334	10,814	2,540	12,897
Reclassification of technical interest income	–300,108	–309,474	–31,130	–26,112	0	0
Other expenses	–11,470	–14,739	–15,400	–39,724	–5,544	–4,298
Non-technical result	**114,113**	**95,312**	**38,392**	**26,699**	**26,446**	**32,092**
Operating profit/(loss)	**195,495**	**258,710**	**78,136**	**60,283**	**36,412**	**23,788**
Amortisation of goodwill and impairment losses	–1,786	–1,913	–2,777	–761	0	0
Finance cost	–25,102	–25,080	–4,743	–4,410	–2,901	–2,900
Earnings before taxes	**168,608**	**231,716**	**70,617**	**55,112**	**33,511**	**20,888**
Combined ratio (property and casualty insurance, after reinsurance)	93.9%	91.6%	95.0%	95.5%	97.4%	99.6%
Cost ratio (after reinsurance)	20.8%	18.6%	38.3%	35.6%	29.5%	30.4%

Impairment by segment

In € thousand	UNIQA Austria 1–12/2019	UNIQA Austria 1–12/2018	UNIQA International 1–12/2019	UNIQA International 1–12/2018	Reinsurance 1–12/2019	Reinsurance 1–12/2018
Goodwill						
Impairments	0	0	–2,053	–35	0	0
Investments						
Impairments	–6,631	–2,813	0	–168	0	0
Reversal of impairment losses	54	173	1	24	0	0

	Group functions		Consolidation		Group	
	1–12/2019	1–12/2018 adjusted	1–12/2019	1–12/2018	1–12/2019	1–12/2018 adjusted
	0	0	−1,118,689	−1,087,925	5,372,550	5,309,469
	0	0	1,872	5,208	5,170,836	5,081,670
	0	0	0	0	309,766	320,513
	0	0	0	0	309,766	320,925
	0	0	−1,118,689	−1,087,925	5,062,785	4,988,955
	0	0	1,872	5,208	4,861,071	4,760,744
	0	0	1,872	5,208	0	0
	0	0	0	0	4,861,071	4,760,744
	0	0	0	0	331,238	335,586
	349	1,753	−3,469	−3,743	21,514	32,395
	3,354	2,539	−1,120	−1,806	−3,657,078	−3,633,748
	−48,513	−68,410	−4,315	−5,183	−1,407,116	−1,314,653
	2,345	−166	17,931	14,203	−50,102	−47,250
	−42,466	**−64,285**	**10,898**	**8,680**	**99,526**	**133,074**
	356,284	309,813	−286,202	−248,319	585,244	585,029
	482,698	593,331	−385,839	−320,284	768,959	917,575
	−130,954	−334,583	58,495	32,624	−248,143	−441,735
	4,540	51,065	41,141	39,341	64,428	109,189
	194,271	157,683	−29,351	−5,340	192,359	177,258
	0	0	0	0	−331,238	−335,586
	−186,557	−153,378	27,952	2,457	−191,019	−209,683
	363,997	**314,118**	**−287,601**	**−251,202**	**255,346**	**217,018**
	321,532	**249,833**	**−276,703**	**−242,522**	**354,872**	**350,092**
	0	0	0	0	−4,562	−2,674
	−66,511	−64,201	44,614	43,792	−54,643	−52,800
	255,021	**185,632**	**−232,089**	**−198,730**	**295,667**	**294,618**
	n/a	n/a	n/a	n/a	96.4%	96.8%
	n/a	n/a	n/a	n/a	27.2%	25.9%

	Group functions		Consolidation		Group	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018	1–12/2019	1–12/2018
	0	0	0	0	−2,053	−35
	−15,507	−27,011	0	0	−22,138	−29,992
	7	805	0	0	62	1,002

Classified by business line

Property and casualty insurance

In € thousand

	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018	1–12/2019	1–12/2018
Premiums written (gross)	1,760,672	1,703,527	1,076,924	1,067,373	1,089,855	1,051,342
Premiums earned (net)	1,049,839	1,033,105	614,061	584,844	1,012,808	961,811
Technical interest income	0	0	1,590	0	0	0
Other insurance income	2,459	8,018	16,889	16,994	199	196
Insurance benefits	–688,258	–691,172	–347,571	–339,160	–684,346	–660,503
Operating expenses	–297,358	–255,395	–235,704	–219,552	–302,111	–297,363
Other technical expenses	–8,297	–9,693	–36,631	–31,973	–12,197	–8,751
Technical result	**58,384**	**84,863**	**12,634**	**11,153**	**14,353**	**–4,612**
Net investment income	33,744	38,966	25,306	23,751	23,203	14,267
Income from investments	73,677	65,330	33,641	30,491	36,916	26,575
Expenses from investments	–40,226	–26,657	–8,504	–6,946	–13,713	–12,308
Financial assets accounted for using the equity method	293	293	169	206	0	0
Other income	679	771	5,209	4,517	2,521	12,838
Other expenses	–9,678	–11,841	–10,681	–17,139	–5,452	–4,268
Non-technical result	**24,745**	**27,896**	**18,244**	**11,130**	**20,272**	**22,837**
Operating profit/(loss)	**83,129**	**112,760**	**30,878**	**22,283**	**34,624**	**18,225**
Amortisation of goodwill and impairment losses	0	0	–2,401	–454	0	0
Finance cost	0	0	–4,352	–4,330	–2,901	–2,900
Earnings before taxes	**83,129**	**112,760**	**24,125**	**17,498**	**31,724**	**15,325**

Health insurance

In € thousand

	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018	1–12/2019	1–12/2018
Premiums written (gross)	1,056,263	1,008,859	74,558	77,586	5,747	6,574
Premiums earned (net)	1,050,575	1,008,141	66,972	65,821	5,407	6,238
Technical interest income	86,386	83,976	2	0	0	0
Other insurance income	1,212	2,653	118	124	0	0
Insurance benefits	–918,743	–864,356	–38,842	–41,256	–5,962	–4,681
Operating expenses	–153,324	–140,855	–21,314	–24,662	–387	–1,039
Other technical expenses	–429	–38	–515	–251	0	0
Technical result	**65,677**	**89,522**	**6,421**	**–224**	**–942**	**518**
Net investment income	101,237	103,049	352	460	0	0
Income from investments	124,051	129,492	663	1,103	0	0
Expenses from investments	–30,564	–34,193	–310	–643	0	0
Financial assets accounted for using the equity method	7,750	7,750	0	0	0	0
Other income	555	95	3,146	2,994	0	21
Reclassification of technical interest income	–86,386	–83,976	–2	0	0	0
Other expenses	–1,122	–1,719	–2,821	–3,067	–68	0
Non-technical result	**14,284**	**17,449**	**675**	**387**	**–68**	**21**
Operating profit/(loss)	**79,961**	**106,971**	**7,096**	**163**	**–1,011**	**539**
Finance cost	–1	0	0	0	0	0
Earnings before taxes	**79,960**	**106,971**	**7,096**	**163**	**–1,011**	**539**

	Group functions		Consolidation		Group	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018	1–12/2019	1–12/2018
	0	0	−1,080,668	−1,047,807	2,846,783	2,774,435
	0	0	1,729	4,319	2,678,436	2,584,079
	0	0	0	0	1,590	0
	299	981	−3,403	−3,553	16,443	22,635
	99	249	609	514	−1,719,467	−1,690,073
	−25,539	−33,500	−530	−5,170	−861,241	−810,980
	920	−36	12,317	8,582	−43,889	−41,872
	−24,220	**−32,306**	**10,722**	**4,691**	**71,872**	**63,789**
	321,995	293,266	−282,171	−242,106	122,077	128,145
	388,007	424,615	−298,470	−258,948	233,770	288,064
	−68,438	−180,633	11,587	8,060	−119,295	−218,484
	2,426	49,284	4,712	8,782	7,601	58,565
	12,093	12,028	−1,894	−4,088	18,607	26,066
	−13,616	−12,327	1,208	993	−38,219	−44,581
	320,471	**292,967**	**−282,857**	**−245,200**	**100,875**	**109,630**
	296,251	**260,661**	**−272,136**	**−240,510**	**172,747**	**173,419**
	0	0	0	0	−2,401	−454
	−59,239	−57,652	12,142	12,183	−54,349	−52,699
	237,012	**203,009**	**−259,994**	**−228,326**	**115,997**	**120,266**

	Group functions		Consolidation		Group	
	1–12/2019	1–12/2018 adjusted	1–12/2019	1–12/2018	1–12/2019	1–12/2018 adjusted
	0	0	−5,747	−6,574	1,130,821	1,086,444
	0	0	73	139	1,123,027	1,080,339
	0	0	0	0	86,388	83,976
	0	389	0	0	1,331	3,167
	3,255	2,290	17	48	−960,275	−907,955
	−12,773	−18,370	−14	1,070	−187,813	−183,856
	750	0	52	1	−143	−288
	−8,769	**−15,691**	**129**	**1,257**	**62,515**	**75,383**
	20,029	7,725	−12,584	−7,855	109,034	103,379
	46,352	108,310	−41,109	−28,497	129,957	210,408
	−26,656	−100,585	14,454	8,839	−43,075	−126,582
	333	0	14,070	11,803	22,153	19,553
	180,931	144,037	−27,398	−1,191	157,234	145,956
	0	0	0	0	−86,388	−83,976
	−170,992	−140,033	27,509	344	−147,494	−144,476
	29,969	**11,729**	**−12,473**	**−8,703**	**32,387**	**20,883**
	21,200	**−3,962**	**−12,344**	**−7,446**	**94,902**	**96,266**
	−44	−173	0	72	−44	−101
	21,157	**−4,135**	**−12,344**	**−7,374**	**94,858**	**96,165**

Life insurance

In € thousand

	UNIQA Austria		UNIQA International		Reinsurance	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018	1–12/2019	1–12/2018
Premiums written (gross), including savings portions from unit-linked and index-linked life insurance	983,884	1,022,014	409,760	419,691	33,576	40,429
Premiums earned (net), including savings portions from unit-linked and index-linked life insurance	956,620	990,565	401,599	408,397	11,083	17,539
Savings portions from unit-linked and index-linked life insurance (gross)	211,683	219,802	98,083	100,712	0	0
Savings portions from unit-linked and index-linked life insurance (net)	211,683	220,214	98,083	100,712	0	0
Premiums written (gross)	772,201	802,212	311,677	318,979	33,576	40,429
Premiums earned (net)	744,938	770,352	303,516	307,685	11,083	17,539
Technical interest income	213,722	225,498	29,538	26,112	0	0
Other insurance income	171	1,542	3,569	4,803	17	55
Insurance benefits	−810,312	−834,724	−155,143	−181,372	−10,134	−17,257
Operating expenses	−185,051	−168,619	−157,862	−132,377	−1,176	−1,198
Other technical expenses	−6,146	−5,037	−2,928	−2,195	−3,233	−3,348
Technical result	**−42,678**	**−10,987**	**20,690**	**22,655**	**−3,444**	**−4,210**
Net investment income	289,144	276,306	35,929	57,509	6,248	9,226
Income from investments	341,472	317,355	55,433	64,955	6,248	9,226
Expenses from investments	−62,861	−51,583	−19,504	−7,446	0	0
Financial assets accounted for using the equity method	10,534	10,534	0	0	0	0
Other income	331	337	14,980	3,304	19	38
Reclassification of technical interest income	−213,722	−225,498	−29,538	−26,112	0	0
Other expenses	−670	−1,179	−1,898	−19,519	−24	−31
Non-technical result	**75,083**	**49,966**	**19,472**	**15,182**	**6,242**	**9,234**
Operating profit/(loss)	**32,405**	**38,979**	**40,162**	**37,837**	**2,798**	**5,024**
Amortisation of goodwill and impairment losses	−1,786	−1,913	−375	−307	0	0
Finance cost	−25,101	−25,080	−391	−80	0	0
Earnings before taxes	**5,518**	**11,985**	**39,396**	**37,451**	**2,798**	**5,024**

Group functions		Consolidation		Group	
1–12/2019	1–12/2018	1–12/2019	1–12/2018	1–12/2019	1–12/2018
0	0	−32,273	−33,544	1,394,946	1,448,590
0	0	70	750	1,369,372	1,417,251
0	0	0	0	309,766	320,513
0	0	0	0	309,766	320,925
0	0	−32,273	−33,544	1,085,180	1,128,076
0	0	70	750	1,059,607	1,096,326
0	0	0	0	243,260	251,610
50	382	−67	−189	3,740	6,593
0	0	−1,746	−2,367	−977,335	−1,035,721
−10,202	−16,541	−3,771	−1,083	−358,062	−319,817
675	−130	5,562	5,621	−6,071	−5,089
−9,476	**−16,288**	**48**	**2,732**	**−34,861**	**−6,098**
14,260	8,821	8,553	1,642	354,133	353,505
48,339	60,405	−46,260	−32,839	405,232	419,103
−35,861	−53,365	32,454	15,725	−85,773	−96,670
1,781	1,781	22,359	18,756	34,674	31,071
1,247	1,618	−59	−61	16,517	5,236
0	0	0	0	−243,260	−251,610
−1,950	−1,018	−765	1,120	−5,307	−20,626
13,557	**9,422**	**7,729**	**2,701**	**122,084**	**86,505**
4,080	**−6,867**	**7,777**	**5,433**	**87,223**	**80,407**
0	0	0	0	−2,161	−2,220
−7,229	−6,376	32,472	31,536	−249	0
−3,148	**−13,242**	**40,249**	**36,970**	**84,813**	**78,187**

UNIQA International – classified by region

In € thousand

	Premiums earned (net)		Net investment income	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018
Poland	167,831	171,878	9,543	11,027
Slovakia	89,432	87,323	3,311	4,133
Czech Republic	183,097	169,564	7,372	3,161
Hungary	75,540	72,088	4,790	3,922
Central Europe (CE)	**515,901**	**500,853**	**25,015**	**22,244**
Romania	55,246	53,256	4,308	3,994
Ukraine	90,442	65,608	1,144	4,363
Eastern Europe (EE)	**145,688**	**118,864**	**5,452**	**8,357**
Russia	87,098	95,276	6,557	29,337
Russia (RU)	**87,098**	**95,276**	**6,557**	**29,337**
Albania	34,400	31,544	432	970
Bosnia and Herzegovina	28,895	27,655	4,848	2,430
Bulgaria	46,499	48,612	1,534	1,460
Kosovo	11,693	9,655	203	176
Croatia	49,240	47,779	13,967	12,212
Montenegro	10,830	10,684	787	793
North Macedonia	13,647	12,157	356	360
Serbia	39,470	38,860	3,592	3,988
Southeastern Europe (SEE)	**234,673**	**226,946**	**25,718**	**22,390**
Liechtenstein	1,189	16,412	16	404
Switzerland	0	0	−21	−16
Western Europe (WE)	**1,189**	**16,412**	**−6**	**389**
Austria	0	0	−1,150	−995
Administration	**0**	**0**	**−1,150**	**−995**
UNIQA International	**984,549**	**958,350**	**61,587**	**81,720**
Of which:				
Earnings before taxes insurance companies				
Impairment of goodwill				

	Insurance benefits		Operating expenses		Earnings before taxes	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018	1–12/2019	1–12/2018
	−99,535	−103,981	−60,215	−61,300	15,010	14,613
	−47,675	−46,442	−37,874	−37,537	5,247	5,135
	−107,601	−97,710	−59,459	−53,794	22,499	20,147
	−23,609	−24,083	−33,371	−36,939	6,263	4,599
	−278,420	**−272,216**	**−190,919**	**−189,570**	**49,019**	**44,494**
	−18,212	−29,297	−35,897	−23,331	3,500	−475
	−37,423	−33,363	−47,646	−33,534	6,687	3,157
	−55,636	**−62,659**	**−83,543**	**−56,865**	**10,187**	**2,682**
	−69,211	−79,199	−16,413	−13,924	19,480	16,483
	−69,211	**−79,199**	**−16,413**	**−13,924**	**19,480**	**16,483**
	−14,959	−11,281	−16,356	−15,288	1,227	1,451
	−19,109	−18,337	−11,431	−10,621	1,394	1,044
	−24,052	−31,584	−19,973	−16,502	3,476	1,720
	−6,387	−4,628	−5,270	−4,492	255	785
	−34,989	−31,694	−20,939	−20,767	8,079	6,137
	−5,686	−5,759	−5,139	−5,068	501	495
	−7,187	−5,588	−6,896	−5,722	−498	433
	−25,096	−25,166	−15,292	−14,595	2,007	1,908
	−137,465	**−134,037**	**−101,296**	**−93,055**	**16,439**	**13,973**
	−824	−13,677	−2,050	−3,169	−1,585	−477
	0	0	0	0	169	131
	−824	**−13,677**	**−2,050**	**−3,169**	**−1,417**	**−346**
	0	0	−20,659	−20,008	−23,092	−22,173
	0	**0**	**−20,659**	**−20,008**	**−23,092**	**−22,173**
	−541,556	**−561,788**	**−414,880**	**−376,591**	**70,617**	**55,112**
					93,540	77,154
					−2,053	−35

Consolidated Statement of Financial Position – classified by business line

In € thousand

	Property and casualty insurance		Health insurance	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Assets				
Property, plant and equipment	192,493	158,803	37,855	44,866
Intangible assets	682,015	614,853	281,368	266,520
Investments				
Investment property	214,693	227,191	242,077	235,225
Financial assets accounted for using the equity method	72,436	66,289	220,089	205,735
Other investments	4,864,151	4,627,839	3,554,843	3,081,666
Unit-linked and index-linked life insurance investments	0	0	0	0
Reinsurers' share of technical provisions	219,739	286,045	1,591	2,204
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance	0	0	0	0
Receivables, including insurance receivables	238,194	356,008	357,724	241,476
Income tax receivables	42,759	48,058	1,596	967
Deferred tax assets	1,803	1,660	0	0
Cash and cash equivalents	280,748	249,265	71,129	167,959
Assets in disposal groups held for sale	0	0	0	0
Total assets by business line	**6,809,031**	**6,636,012**	**4,768,272**	**4,246,618**
Liabilities				
Subordinated liabilities	870,110	875,602	0	0
Technical provisions	3,295,437	3,273,160	3,360,686	3,193,024
Technical provisions for unit-linked and index-linked life insurance	0	0	0	0
Financial liabilities	94,009	169,111	31,674	22,167
Other provisions	356,183	392,017	313,899	288,397
Liabilities and other items classified as liabilities	655,029	499,908	101,640	95,172
Income tax liabilities	55,336	61,056	3,612	2,553
Deferred tax liabilities	74,547	48,910	152,403	100,795
Liabilities in disposal groups held for sale	0	0	0	0
Total liabilities by business line	**5,400,650**	**5,319,763**	**3,963,914**	**3,702,108**

	Life insurance		Consolidation		Group	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	121,432	107,393	0	0	351,780	311,062
	722,793	779,084	−45,060	−41,572	1,641,116	1,618,885
	680,674	641,731	0	0	1,137,444	1,104,146
	349,889	327,080	0	0	642,414	599,105
	10,976,431	10,639,240	−550,486	−714,930	18,844,939	17,633,815
	4,680,403	4,751,183	0	0	4,680,403	4,751,183
	128,644	136,617	49	−11,505	350,022	413,361
	113	101	0	0	113	101
	160,986	82,773	−210,244	−139,548	546,659	540,709
	4,305	3,283	0	0	48,660	52,308
	3,434	4,098	0	0	5,237	5,758
	127,745	1,027,166	0	0	479,621	1,444,391
	0	28,976	0	0	0	28,976
	17,956,847	**18,528,725**	**−805,742**	**−907,555**	**28,728,409**	**28,503,801**
	410,741	410,741	−410,741	−416,511	870,110	869,832
	11,149,313	10,897,500	−14,431	−27,326	17,791,006	17,336,358
	4,646,152	4,721,904	0	0	4,646,152	4,721,904
	49,363	942,278	−99,530	−335,073	75,516	798,484
	17,133	19,771	−1,505	−37,186	685,709	662,998
	325,767	303,506	−279,341	−91,375	803,095	807,210
	1,722	769	0	0	60,669	64,378
	148,780	105,294	0	0	375,729	254,999
	0	1,088	0	0	0	1,088
	16,748,971	**17,402,850**	**−805,549**	**−907,471**	**25,307,986**	**25,517,251**
				Consolidated equity and non-controlling interests	**3,420,422**	**2,986,550**
				Total equity and liabilities	**28,728,409**	**28,503,801**

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 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, if necessary, 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 measurement 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 2018	**1,877,084**
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	**1,697,905**
At 1 January 2019	**1,697,905**
Currency translation	3,242
Additions	61,998
Disposals	–41,908
Reclassifications	10,596
Reclassifications held for sale	78,049
At 31 December 2019	**1,809,883**

Accumulated depreciation and impairment losses

In € thousand

At 1 January 2018	**–643,188**
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	**–593,759**
At 1 January 2019	**–593,759**
Currency translation	–1,569
Additions from depreciation	–40,013
Additions from impairment	–1,848
Disposals	20,129
Reversal of impairment	3,981
Reclassifications held for sale	–59,360
At 31 December 2019	**–672,439**

Carrying amounts

In € thousand

	Property and casualty insurance	Health insurance	Life insurance	Total
At 1 January 2018	**254,494**	**237,163**	**742,239**	**1,233,896**
At 31 December 2018	**227,191**	**235,225**	**641,731**	**1,104,146**
At 31 December 2019	**214,693**	**242,077**	**680,674**	**1,137,444**

Fair values
In € thousand

	Property and casualty insurance	Health insurance	Life insurance	Total
At 31 December 2018	**427,588**	**562,563**	**1,095,942**	**2,086,093**
At 31 December 2019	**434,938**	**576,950**	**1,246,974**	**2,258,862**

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	
	2019[1) 2)]	2018[2)]	2019	2018
Net assets at 1 January	**3,542,415**	**3,333,379**	**151,166**	**135,004**
Dividends	–133,380	–133,380	–9,633	–910
Profit/(loss) after taxes	375,535	336,513	17,731	22,210
Other comprehensive income	4,870	5,903	3,620	–5,138
Net assets at 31 December	**3,789,440**	**3,542,415**	**162,884**	**151,166**
Shares in associated companies	14.26%	14.26%	Various investment amounts	
Carrying amount	**579,218**	**541,460**	**63,196**	**57,638**

1) Estimate for 31 Dec. 2019 based on financial information as at 30 July 2019 on STRABAG SE available as at the reporting date
2) The carrying amounts are calculated based on the shares in circulation. 2019: 15.29%, 2018: 15.29%

At 31 December 2019, UNIQA held 14.3 per cent of STRABAG SE's share capital (31 December 2018: 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 share in STRABAG SE was made, based on the financial information published at 30 June 2019, for the period up until 31 December 2019. At 31 December 2019, the fair value amounts to €486,156 thousand (2018: €402,255 thousand).

Summarised statement of comprehensive income
In € thousand

	STRABAG SE[1)]	
	1–6/2019	1–6/2018
Revenue	6,979,073	6,307,354
Depreciation	–233,738	–180,348
Interest income	15,403	25,111
Interest expenses	–34,898	–32,552
Income taxes	–27,563	–9,716
Profit/(loss) for the period	13,942	2,873
Other comprehensive income	2,167	–6,903
Total comprehensive income	**16,109**	**–4,030**

1) STRABAG SE Semi-Annual Report 2019 as published in August 2019

Summarised statement of financial position

In € thousand

	STRABAG SE[1] 30/6/2019	31/12/2018
Cash and cash equivalents	1,590,099	2,385,828
Other current assets	4,936,424	4,405,865
Current assets	**6,526,523**	**6,791,693**
Non-current assets	**5,277,484**	**4,829,755**
Total assets	**11,804,007**	**11,621,448**
Current financial liabilities	408,176	275,709
Other current liabilities	5,398,485	5,311,939
Current liabilities	**5,806,661**	**5,587,648**
Non-current financial liabilities	1,115,886	1,087,621
Other non-current liabilities	1,348,894	1,292,406
Non-current liabilities	**2,464,780**	**2,380,027**
Total liabilities	**8,271,441**	**7,967,675**
Net assets	**3,532,566**	**3,653,773**

[1] STRABAG SE Semi-Annual Report 2019 as published in August 2019

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 purpose of the accounting using the equity method, and have been adjusted based on any essential transactions between the relevant reporting date and 31 December 2019.

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

In € thousand

	1–12/2019	1–12/2018
Group's share of profit from continuing operations	6,693	8,597
Group's share of other comprehensive income	1,453	–2,062
Group's share of total comprehensive income	8,145	6,535

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.

Financial assets are recognised for the first time on the settlement date. They 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.

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 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 instead 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.

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.

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

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.

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.

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

At 31 December 2019

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	7,345	201,234	0	21,981	58,547	289,106
Available-for-sale financial assets	909,764	16,992,181	0	0	0	17,901,946
Loans and receivables	0	114,050	539,837	0	0	653,887
Total	**917,109**	**17,307,466**	**539,837**	**21,981**	**58,547**	**18,844,939**
of which fair value option	7,345	201,234	0	0	0	208,579

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

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 review of the major unobservable inputs and the measurement adjustments is carried out regularly. 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 measurement 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: measurement 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 from 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: measurement parameters for assets or liabilities that are not based or are only partly based on observable market data. The measurement here primarily involves 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 measurement. At UNIQA, it is primarily other equity investments, private equity and hedge funds, as well as 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 measurement processes and methods are as follows:

Financial instruments measured at fair value
For the measurement of capital investments, techniques best suited for the establishment of corresponding value are applied. The following standard measurement techniques are applied for financial instruments which come under levels 2 and 3:

- Market approach
  The measurement 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.

Measurement 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	Discounted cash flow
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	Certified net asset values	Net asset value method

Valuation hierarchy

Assets and liabilities measured at fair value

In € thousand	Level 1		Level 2		Level 3		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Available-for-sale financial assets								
Variable-income securities	729,829	695,196	20,298	1,135	159,637	144,526	909,764	840,857
Fixed-income securities	13,170,835	12,567,999	2,941,560	2,633,039	879,787	501,453	16,992,181	15,702,491
Total	**13,900,664**	**13,263,195**	**2,961,858**	**2,634,175**	**1,039,424**	**645,979**	**17,901,946**	**16,543,348**
Financial assets at fair value through profit or loss								
Variable-income securities	0	0	2,077	14,445	5,267	10,094	7,345	24,538
Fixed-income securities	108,261	197,100	51,098	48,235	41,876	62,694	201,234	308,029
Derivative financial instruments	261	12	3,695	5,205	18,025	15,587	21,981	20,804
Investments under investment contracts	49,977	49,008	3,727	932	4,843	6,456	58,547	56,395
Total	**158,498**	**246,120**	**60,597**	**68,816**	**70,011**	**94,830**	**289,106**	**409,767**

In € thousand	Level 1		Level 2		Level 3		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Financial liabilities								
Derivative financial instruments	0	0	669	13,345	1	0	670	13,345
Total	**0**	**0**	**669**	**13,345**	**1**	**0**	**670**	**13,345**

Fair values of assets and liabilities measured at amortised cost

In € thousand	Level 1		Level 2		Level 3		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Investment property	**0**	**0**	**0**	**0**	**2,258,862**	**2,086,093**	**2,258,862**	**2,086,093**
Loans and receivables								
Loans and other investments	0	0	384,350	395,016	155,488	112,700	539,837	507,715
Fixed-income securities	16,276	30,789	112,957	123,862	0	31,443	129,233	186,094
Total	**16,276**	**30,789**	**497,307**	**518,878**	**155,488**	**144,143**	**669,070**	**693,809**

In € thousand	Level 1		Level 2		Level 3		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Financial liabilities								
Liabilities from collateral received for securities lending	0	0	0	0	0	772,196	0	772,196
Liabilities from loans	0	0	0	0	74,846	12,943	74,846	12,943
Total	**0**	**0**	**0**	**0**	**74,846**	**785,139**	**74,846**	**785,139**
Subordinated liabilities	**1,051,425**	**959,400**	**0**	**0**	**0**	**0**	**1,051,425**	**959,400**

Transfers between levels 1 and 2
In the reporting period transfers from Level 1 to Level 2 were made in the amount of €492,529 thousand (2018: €443,997 thousand) and from Level 2 to Level 1 in the amount of €144,533 thousand (2018: €234,586 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 measurement techniques are not based on observable inputs.

In € thousand

	Fixed-income securities		Other		Total	
	2019	2018	2019	2018	2019	2018
At 1 January	**501,453**	**308,578**	**239,356**	**282,743**	**740,809**	**591,321**
Transfers from Level 3 to Level 1	0	–24	0	–6	0	–29
Transfers from Level 3 to Level 2	0	0	–4,218	0	–4,218	0
Transfers to Level 3	0	772	0	0	0	772
Gains and losses recognised in profit or loss	–2,432	1,630	–1,539	–12,527	–3,971	–10,897
Gains and losses recognised in other comprehensive income	46,002	–14,445	–1,500	3,290	44,502	–11,155
Additions	343,940	217,244	32,645	43,676	376,585	260,920
Disposals	–9,206	–12,273	–35,078	–77,814	–44,284	–90,087
Changes from currency translation	30	–29	–19	–6	11	–35
At 31 December	**879,787**	**501,453**	**229,648**	**239,356**	**1,109,434**	**740,809**

Sensitivities

For the most important financial instruments in Level 3, an increase in the discount rate by 100 basis points results in a reduction in value of 6.2 per cent (2018: 5.7 per cent). A reduction in the discount rate by 100 basis points results in a 7.5 per cent increase in value (2018: 6.4 per cent).

Transfer of financial assets

In € thousand

	Fair value	
	31/12/2019	31/12/2018
Transferred financial assets from securities lending	0	772,406
Liabilities from collateral received for securities lending	0	772,196
Net position	**0**	**210**

The carrying amounts of the transferred financial assets from securities lending transactions and liabilities from collateral received for securities lending transactions are equal to the fair values. There were no open securities lending transactions as at 31 December 2019.

Carrying amounts for loans and other investments

In € thousand

	31/12/2019	31/12/2018
Loans		
Loans to affiliated unconsolidated companies	4,400	4,382
Mortgage loans	9,931	14,100
Loans and advance payments on policies	12,827	13,481
Other loans	103,094	54,986
Total	**130,251**	**86,950**
Other investments		
Bank deposits	384,350	395,016
Deposits retained on assumed reinsurance	25,236	25,750
Total	**409,586**	**420,766**
Total sum	**539,837**	**507,715**

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

	31/12/2019	31/12/2018
At 1 January	**−3,657**	**−6,339**
Allocation	0	−114
Use	502	1,870
Reversal	439	933
Currency translation	3	−7
At 31 December	**−2,713**	**−3,657**

Contractual maturities for fair values of loans
In € thousand

	31/12/2019	31/12/2018
Up to 1 year	3,096	4,227
More than 1 year and up to 5 years	16,059	16,703
More than 5 years up to 10 years	103,478	56,240
More than 10 years	7,619	9,780
Total	**130,251**	**86,950**

4. Net investment income

Classified by business line
In € thousand

	Property and casualty insurance		Health insurance		Life insurance		Total	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018 adjusted	1–12/2019	1–12/2018	1–12/2019	1–12/2018 adjusted
Investment property	**15,278**	**9,117**	**12,983**	**9,621**	**54,047**	**32,475**	**82,308**	**51,213**
Financial assets accounted for using the equity method	**7,601**	**58,565**	**22,153**	**19,553**	**34,674**	**31,071**	**64,428**	**109,189**
Variable-income securities	**4,422**	**16,450**	**9,576**	**9,022**	**1,487**	**19,284**	**15,484**	**44,756**
Available for sale	6,333	14,807	8,861	8,902	1,185	19,194	16,379	42,903
At fair value through profit or loss	−1,912	1,642	715	120	302	90	−894	1,853
Fixed-income securities	**119,094**	**77,511**	**69,321**	**83,104**	**247,904**	**253,456**	**436,319**	**414,071**
Available for sale	112,090	81,459	60,868	85,447	247,768	252,528	420,726	419,434
At fair value through profit or loss	7,004	−3,948	8,454	−2,343	136	928	15,593	−5,363
Loans and other investments	**6,033**	**3,667**	**3,932**	**2,092**	**26,879**	**34,174**	**36,843**	**39,933**
Loans	967	450	1,637	1,754	6,394	10,142	8,999	12,345
Other investments	5,066	3,217	2,294	339	20,485	24,032	27,845	27,588
Derivative financial instruments	**−10,416**	**−16,586**	**311**	**−10,485**	**422**	**−918**	**−9,682**	**−27,989**
Investment administration expenses, interest paid and other investment expenses	**−19,935**	**−20,579**	**−9,241**	**−9,528**	**−11,280**	**−16,037**	**−40,456**	**−46,144**
Total	**122,077**	**128,145**	**109,034**	**103,379**	**354,133**	**353,505**	**585,244**	**585,029**
Of which:								
Current income/expenses	107,685	107,340	86,621	83,623	336,775	336,692	531,081	527,656
Gains/losses from disposals and changes in value	14,391	20,805	22,414	19,756	17,358	16,813	54,163	57,374
Impairments	−11,992	−13,062	−6,941	−1,280	−3,204	−15,650	−22,138	−29,992

Classified by type of income

In € thousand

	Current income/expenses		Gains/losses from disposals and changes in value		Total		of which impairment	
	1–12/2019	1–12/2018	1–12/2019	1–12/2018 adjusted	1–12/2019	1–12/2018 adjusted	1–12/2019	1–12/2018
Financial assets at fair value through profit or loss	**1,414**	**2,124**	**3,603**	**–33,624**	**5,017**	**–31,500**	**0**	**0**
Variable-income securities (within the framework of fair value option)	595	763	–1,490	1,090	–894	1,853	0	0
Fixed-income securities (within the framework of fair value option)	2,572	1,510	13,022	–6,873	15,593	–5,363	0	0
Derivative financial instruments	–1,752	–149	–7,930	–27,841	–9,682	–27,989	0	0
Investments under investment contracts[1)]	0	0	0	0	0	0	0	0
Available-for-sale financial assets	**390,453**	**392,045**	**46,651**	**70,292**	**437,104**	**462,337**	**–20,258**	**–12,980**
Variable-income securities	29,015	36,555	–12,636	6,348	16,379	42,903	–12,385	–10,175
Fixed-income securities	361,438	355,490	59,287	63,944	420,726	419,434	–7,873	–2,805
Loans and receivables	**37,234**	**39,116**	**–391**	**817**	**36,843**	**39,933**	**–32**	**–89**
Fixed-income securities	5,959	7,921	–349	1,272	5,610	9,193	0	0
Loans and other investments	31,275	31,195	–42	–455	31,233	30,740	–32	–89
Investment property	**78,007**	**78,781**	**4,300**	**–27,568**	**82,308**	**51,213**	**–1,848**	**–16,923**
Financial assets accounted for using the equity method	**64,428**	**61,733**	**0**	**47,456**	**64,428**	**109,189**	**0**	**0**
Investment administration expenses, interest paid and other investment expenses	**–40,456**	**–46,144**	**0**	**0**	**–40,456**	**–46,144**	**0**	**0**
Total	**531,081**	**527,656**	**54,163**	**57,374**	**585,244**	**585,029**	**–22,138**	**–29,992**

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

Details of net investment income

In € thousand

	1–12/2019	1–12/2018
Current income/expenses from investment property		
Rent revenue	108,418	110,491
Operational expenses	–30,411	–31,710
Gains/losses from disposals and changes in value		
Currency gains/losses	–17,701	–16,603
of which gains/losses from derivative financial instruments as part of US dollar underlying	3,547	8,620
of which gains/losses from derivative financial instruments as part of hedge transactions in US dollar	–7,755	–11,965

Positive currency effects from investments amounting to €1,304 thousand (2018: positive currency effects amounting to €9,558 thousand) were recognised directly in equity.

Net profit/(loss) by measurement category

In € thousand

	1–12/2019	1–12/2018
Financial assets at fair value through profit or loss		
Recognised in profit/(loss) for the period	5,017	–31,500
Available-for-sale financial assets		
Recognised in profit/(loss) for the period	437,104	462,337
of which reclassified from equity to consolidated income statement	–46,216	–99,926
Recognised in other comprehensive income	957,411	–445,017
Net income	**1,394,515**	**17,320**
Loans and receivables		
Recognised in profit/(loss) for the period	36,843	39,933
Financial liabilities measured at amortised cost		
Recognised in profit/(loss) for the period	–54,643	–52,800

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 recognition and measurement. For accounting and measurement of the insurance-specific items of life insurance with profit participation, FAS 120 was observed; FAS 60 was applied for specific items in health, property and casualty insurance and FAS 113 for reinsurance. Unit-linked life insurance, where the policyholder bears the entire investment risk, was accounted for in accordance with FAS 97.

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

Insurance and investment contracts

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

Reinsurance contracts

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

5. Technical provisions

Unearned premiums

For short-term insurance contracts, such as most property and casualty insurance policies, premiums relating to future years are reported as unearned premiums in line with the applicable regulations of US GAAP. The amount of these unearned premiums corresponds to the insurance cover granted proportionally in future periods. Premiums levied upon entering into certain long-term contracts (e.g. upfront fees) are recognised as unearned premiums. In line with the applicable regulations of US GAAP, these fees are recorded in the same manner as the redemption of deferred acquisition costs. These unearned premiums are in principle calculated for each individual policy and exactly to the day. If they are attributable to life insurance, they are included in insurance provision.

Insurance provision

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 vehicle liability insurance). The insurance provision of the life insurer is calculated by taking into account contractually agreed calculation principles, which are explained in more detail under the underwriting risks in chapter 44, “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).

Provision 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 models 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. Another material assumption is the settlement patterns for the individual lines of business which can be impacted by various factors. 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 in which past experience does not allow the application of statistical methods individual loss provisions are set aside.

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 44, “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 measurement differentials after 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 life insurance portfolios, a best estimate reserve is compared with the IFRS reserve less 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 insurance, only the premiums to be expected in the future will be tested. Business lines that feature a surplus in the annual calculation of less than 5 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 2019	**592,185**	**12,301**	**2,599,264**	**29,251**	**1,319**	**11,843**	**3,246,163**
Foreign exchange differences	4,188	−323	6,492	−46	10	3	10,325
Portfolio changes	999		−4,331		−1	16	−3,318
Additions		606		1,499	284	3,714	6,103
Disposals		−204		−133	−564	−4,600	−5,501
Premiums written	2,846,783						2,846,783
Premiums earned	−2,826,030						−2,826,030
Claims reporting year			1,815,775				1,815,775
Claims payments reporting year			−957,048				−957,048
Change in claims previous years			−57,330				−57,330
Claims payments previous years			−794,890				−794,890
At 31 December 2019	**618,125**	**12,380**	**2,607,932**	**30,572**	**1,049**	**10,975**	**3,281,033**
Health insurance							
At 1 January 2019	**12,894**	**2,932,119**	**183,216**	**13,082**	**50,894**	**715**	**3,192,921**
Foreign exchange differences	700	47	386	−12	0	−3	1,117
Portfolio changes	0		99			−11	88
Additions		144,544		10,764	21,019	22	176,349
Disposals		−1,276		−9,203	−21,206	−30	−31,715
Premiums written	1,130,821						1,130,821
Premiums earned	−1,123,558						−1,123,558
Claims reporting year			741,288				741,288
Claims payments reporting year			−556,796				−556,796
Change in claims previous years			−12,149				−12,149
Claims payments previous years			−157,705				−157,705
At 31 December 2019	**20,857**	**3,075,435**	**198,338**	**14,630**	**50,707**	**693**	**3,360,660**
Life insurance							
At 1 January 2019		**9,979,484**	**199,684**	**4,931**	**707,819**	**5,357**	**10,897,274**
Foreign exchange differences		22,185	1,221	−15	774	−85	24,080
Change in basis of consolidation		95			0		95
Portfolio changes		1,642	−282		−582		779
Additions		239,543		2,496	453,260	1,161	696,460
Disposals		−435,531		−231	−15,071	−1,483	−452,316
Claims reporting year			1,168,680				1,168,680
Claims payments reporting year			−1,018,554				−1,018,554
Change in claims previous years			−14,337				−14,337
Claims payments previous years			−152,847				−152,847
At 31 December 2019		**9,807,418**	**183,565**	**7,181**	**1,146,200**	**4,950**	**11,149,313**
Total							
At 1 January 2019	**605,079**	**12,923,904**	**2,982,164**	**47,264**	**760,032**	**17,915**	**17,336,358**
Foreign exchange differences	4,888	21,909	8,098	−73	784	−86	35,521
Change in basis of consolidation		95			0		95
Portfolio changes	999	1,642	−4,515		−583	5	−2,451
Additions		384,694		14,758	474,563	4,898	878,912
Disposals		−437,011		−9,566	−36,841	−6,114	−489,532
Premiums written	3,977,604						3,977,604
Premiums earned	−3,949,588						−3,949,588
Claims reporting year			3,725,742				3,725,742
Claims payments reporting year			−2,532,397				−2,532,397
Change in claims previous years			−83,816				−83,816
Claims payments previous years			−1,105,442				−1,105,442
At 31 December 2019	**638,982**	**12,895,233**	**2,989,835**	**52,383**	**1,197,955**	**16,618**	**17,791,006**

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 2019	**27,557**	**22**	**245,429**			**2,600**	**275,608**
Foreign exchange differences	614	–1	1,723			–10	2,327
Change in basis of consolidation			–1				–1
Portfolio changes	732		3,834				4,566
Additions						1,489	1,489
Disposals		–10				–1,618	–1,627
Premiums written	146,668						146,668
Premiums earned	–146,105						–146,105
Claims reporting year			168,497				168,497
Claims payments reporting year			–105,582				–105,582
Change in claims previous years			–18,558				–18,558
Claims payments previous years			–107,544				–107,544
At 31 December 2019	**29,467**	**12**	**187,799**			**2,462**	**219,739**
Health insurance							
At 1 January 2019	**624**	**566**	**863**			**4**	**2,057**
Foreign exchange differences	56		111			0	167
Portfolio changes			1				1
Disposals		–46				–3	–48
Premiums written	2,557						2,557
Premiums earned	–3,029						–3,029
Claims reporting year			1,289				1,289
Claims payments reporting year			–1,045				–1,045
Change in claims previous years			–65				–65
Claims payments previous years			–293				–293
At 31 December 2019	**207**	**520**	**862**			**1**	**1,591**
Life insurance							
At 1 January 2019		**130,590**	**5,089**			**17**	**135,696**
Foreign exchange differences		122	21			0	143
Portfolio changes		–42	–721			34	–729
Additions		6,877				4	6,880
Disposals		–13,361				0	–13,361
Claims reporting year			25,348				25,348
Claims payments reporting year			–22,101				–22,101
Change in claims previous years			1,312				1,312
Claims payments previous years			–4,497				–4,497
At 31 December 2019		**124,186**	**4,451**			**55**	**128,692**
Total							
At 1 January 2019	**28,181**	**131,178**	**251,381**			**2,621**	**413,361**
Foreign exchange differences	670	121	1,856			–10	2,637
Change in basis of consolidation			–1				–1
Portfolio changes	732	–42	3,115			34	3,839
Additions		6,877				1,493	8,370
Disposals		–13,416				–1,620	–15,036
Premiums written	149,225						149,225
Premiums earned	–149,134						–149,134
Claims reporting year			195,134				195,134
Claims payments reporting year			–128,727				–128,727
Change in claims previous years			–17,311				–17,311
Claims payments previous years			–112,334				–112,334
At 31 December 2019	**29,674**	**124,717**	**193,113**			**2,518**	**350,022**

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 2019	**564,628**	**12,279**	**2,353,835**	**29,251**	**1,319**	**9,243**	**2,970,555**
Foreign exchange differences	3,574	−322	4,768	−46	10	13	7,998
Change in basis of consolidation			1				1
Portfolio changes	267		−8,166		−1	16	−7,884
Additions		606		1,499	284	2,225	4,614
Disposals		−194		−133	−564	−2,983	−3,873
Premiums written	2,700,115						2,700,115
Premiums earned	−2,679,925						−2,679,925
Claims reporting year			1,647,278				1,647,278
Claims payments reporting year			−851,466				−851,466
Change in claims previous years			−38,771				−38,771
Claims payments previous years			−687,346				−687,346
At 31 December 2019	**588,659**	**12,369**	**2,420,132**	**30,572**	**1,049**	**8,514**	**3,061,294**
Health insurance							
At 1 January 2019	**12,270**	**2,931,554**	**182,353**	**13,082**	**50,894**	**711**	**3,190,864**
Foreign exchange differences	644	47	274	−12	0	−3	950
Portfolio changes	0		97			−11	87
Additions		144,544		10,764	21,019	22	176,349
Disposals		−1,230		−9,203	−21,206	−27	−31,667
Premiums written	1,128,264						1,128,264
Premiums earned	−1,120,529						−1,120,529
Claims reporting year			739,999				739,999
Claims payments reporting year			−555,751				−555,751
Change in claims previous years			−12,084				−12,084
Claims payments previous years			−157,412				−157,412
At 31 December 2019	**20,649**	**3,074,915**	**197,475**	**14,630**	**50,707**	**692**	**3,359,069**
Life insurance							
At 1 January 2019		**9,848,894**	**194,595**	**4,931**	**707,819**	**5,340**	**10,761,578**
Foreign exchange differences		22,063	1,200	−15	774	−85	23,937
Change in basis of consolidation		95			0		95
Portfolio changes		1,685	439		−582	−34	1,507
Additions		232,667		2,496	453,260	1,158	689,579
Disposals		−422,170		−231	−15,071	−1,483	−438,955
Claims reporting year			1,143,333				1,143,333
Claims payments reporting year			−996,453				−996,453
Change in claims previous years			−15,650				−15,650
Claims payments previous years			−148,350				−148,350
At 31 December 2019		**9,683,232**	**179,114**	**7,181**	**1,146,200**	**4,894**	**11,020,621**
Total							
At 1 January 2019	**576,898**	**12,792,727**	**2,730,783**	**47,264**	**760,032**	**15,294**	**16,922,997**
Foreign exchange differences	4,218	21,788	6,242	−73	784	−75	32,884
Change in basis of consolidation		95	1		0		96
Portfolio changes	267	1,685	−7,629		−583	−29	−6,290
Additions		377,817		14,758	474,563	3,405	870,542
Disposals		−423,595		−9,566	−36,841	−4,493	−474,496
Premiums written	3,828,380						3,828,380
Premiums earned	−3,800,454						−3,800,454
Claims reporting year			3,530,609				3,530,609
Claims payments reporting year			−2,403,670				−2,403,670
Change in claims previous years			−66,505				−66,505
Claims payments previous years			−993,108				−993,108
At 31 December 2019	**609,308**	**12,770,516**	**2,796,722**	**52,383**	**1,197,955**	**14,100**	**17,440,984**

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**

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

In per cent

	Health insurance	Life insurance
2019		
For insurance provision	1.50–5.50	0.00–4.00
For deferred acquisition costs	1.50–5.50	2.41–2.59
2018		
For insurance provision	1.50–5.50	0.00–4.00
For deferred acquisition costs	1.50–5.50	2.39–2.59

Development of the provision for deferred profit participation

In € thousand

	31/12/2019	31/12/2018
At 1 January	645,937	771,927
Fluctuation in value, available-for-sale securities	431,492	–132,275
Revaluations through profit or loss	481	6,284
At 31 December	**1,077,910**	**645,937**

Claims payments

In € thousand

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Financial year	751,599	773,996	714,267	778,329	798,573	729,222	734,691	746,846	814,664	844,675	883,465	
1 year later	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	1,285,373		
2 years later	1,228,232	1,229,475	1,177,160	1,255,972	1,285,030	1,204,327	1,202,760	1,231,387	1,361,592			
3 years later	1,286,633	1,276,504	1,225,202	1,308,792	1,334,305	1,251,179	1,251,488	1,284,981				
4 years later	1,311,375	1,300,643	1,251,970	1,339,606	1,362,980	1,278,898	1,280,522					
5 years later	1,327,499	1,318,705	1,266,660	1,358,361	1,380,369	1,305,351						
6 years later	1,341,509	1,329,655	1,278,874	1,372,186	1,391,295							
7 years later	1,350,716	1,338,526	1,289,116	1,383,713								
8 years later	1,358,874	1,346,403	1,294,229									
9 years later	1,366,121	1,350,826										
10 years later	1,372,460											

Cumulated payments and provision for unsettled claims

In € thousand

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Financial year	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	1,682,362	
1 year later	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	1,701,089		
2 years later	1,410,426	1,404,598	1,350,674	1,449,431	1,495,723	1,437,879	1,429,766	1,479,026	1,600,861			
3 years later	1,407,144	1,392,071	1,353,309	1,454,301	1,489,480	1,413,637	1,417,989	1,464,752				
4 years later	1,401,274	1,394,923	1,353,437	1,447,394	1,474,842	1,399,226	1,414,173					
5 years later	1,402,704	1,401,018	1,351,386	1,447,991	1,470,199	1,395,541						
6 years later	1,405,034	1,399,677	1,349,836	1,449,843	1,464,810							
7 years later	1,411,355	1,397,935	1,346,159	1,450,138								
8 years later	1,412,051	1,395,533	1,342,375									
9 years later	1,420,703	1,393,770										
10 years later	1,422,181											
Settlement gains/losses	–1,477	1,762	3,783	–296	5,390	3,685	3,816	14,274	6,079	17,977		54,994
Settlement gains/losses before 2009												–7,114
Total settlement gains/losses												**47,880**
Provision for unsettled claims for accident years before 2009												
Provision for unsettled claims	49,721	42,944	48,146	66,425	73,515	90,190	133,651	179,771	239,269	415,716	798,897	2,138,245
												292,628
Plus other reserve components (components not in triangle, internal claims regulation costs, etc.)												177,059
Provisions for unsettled claims (gross at 31 December 2019)												**2,607,932**

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 measurement of 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

	31/12/2019	31/12/2018
Gross	4,646,152	4,721,904
Reinsurers’ share	–113	–101
Total	**4,646,039**	**4,721,803**

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

	1–12/2019	1–12/2018
Premiums written – gross	**5,062,785**	**4,988,955**
Premiums written – reinsurer’s share	–175,330	–191,957
Premiums written – net	**4,887,455**	**4,796,998**
Change in premiums earned – gross	–28,063	–38,876
Change in premiums earned – reinsurers’ share	1,679	2,623
Premiums earned	**4,861,071**	**4,760,744**

Direct insurance

In € thousand

	1–12/2019	1–12/2018
Property and casualty insurance	2,806,564	2,731,141
Health insurance	1,127,991	1,081,893
Life insurance	1,081,627	1,119,394
Total	**5,016,182**	**4,932,428**
Of which:		
Austria	3,573,023	3,503,782
remaining EU member states and other states which are party to the Agreement on the European Economic Area	1,081,618	1,087,462
other countries	361,541	341,184
Total	**5,016,182**	**4,932,428**

Indirect insurance

In € thousand

	1–12/2019	1–12/2018
Property and casualty insurance	40,219	43,294
Health insurance	2,830	4,551
Life insurance	3,553	8,682
Total	**46,602**	**56,527**

Property and casualty insurance premiums written

In € thousand

	1–12/2019	1–12/2018
Direct insurance		
Fire and business interruption insurance	252,819	254,239
Liability insurance	260,012	255,031
Household insurance	195,086	191,159
Motor TPL insurance	604,372	600,528
Legal expense insurance	96,687	91,288
Marine, aviation and transport insurance	67,244	66,412
Other motor insurance	573,887	549,919
Other property insurance	288,910	272,899
Other forms of insurance	79,056	74,762
Casualty insurance	388,491	374,904
Total	**2,806,564**	**2,731,141**
Indirect insurance		
Fire and business interruption insurance	19,566	25,860
Motor TPL insurance	5,580	5,408
Other forms of insurance	15,072	12,026
Total	**40,219**	**43,294**
Total direct and indirect insurance (amount consolidated)	**2,846,783**	**2,774,435**

Reinsurance premiums ceded

In € thousand

	1–12/2019	1–12/2018
Property and casualty insurance	146,668	157,498
Health insurance	2,557	3,611
Life insurance	26,106	30,848
Total	**175,330**	**191,957**

Premiums earned

In € thousand

	1–12/2019	1–12/2018
Property and casualty insurance	**2,678,436**	**2,584,079**
Gross	2,822,991	2,738,915
Reinsurers' share	–144,555	–154,836
Health insurance	**1,123,027**	**1,080,339**
Gross	1,126,022	1,083,991
Reinsurers' share	–2,994	–3,651
Life insurance	**1,059,607**	**1,096,326**
Gross	1,085,708	1,127,174
Reinsurers' share	–26,102	–30,848
Total	**4,861,071**	**4,760,744**

Premiums earned – indirect insurance

In € thousand

	1–12/2019	1–12/2018
Recognised simultaneously	19,464	15,016
Recognised with a delay of up to 1 year	–18,218	–1,233
Posted after more than 1 year	140	462
Property and casualty insurance	**1,386**	**14,245**
Recognised simultaneously	4,015	2,283
Recognised with a delay of up to 1 year	23	2,269
Health insurance	**4,038**	**4,551**
Recognised simultaneously	–5,570	–9,334
Recognised with a delay of up to 1 year	–128	–3,417
Life insurance	**–5,698**	**–12,751**
Total	**–274**	**6,045**

Earnings – indirect insurance

In € thousand

	1–12/2019	1–12/2018
Property and casualty insurance	62,763	–23,163
Health insurance	13,405	661
Life insurance	17,499	4,903
Total	**93,667**	**–17,600**

8. Insurance benefits

In € thousand

	Gross		Reinsurers' share		Net	
	1–12/2019	1–12/2018 adjusted	1–12/2019	1–12/2018	1–12/2019	1–12/2018 adjusted
Property and casualty insurance						
Claims expenses						
Claims paid	1,751,937	1,675,648	–142,187	–41,371	1,609,750	1,634,277
Change in provision for unsettled claims	6,508	115,482	59,797	–100,800	66,305	14,682
Total	**1,758,445**	**1,791,129**	**–82,390**	**–142,171**	**1,676,055**	**1,648,959**
Change in insurance provision	410	134	10	–10	420	123
Change in other technical provisions	–3,993	–3,035	0	0	–3,993	–3,035
Non-profit-related and profit-related premium refund expenses	46,985	44,026	0	0	46,985	44,026
Total benefits	**1,801,848**	**1,832,254**	**–82,380**	**–142,181**	**1,719,467**	**1,690,073**
Health insurance						
Claims expenses						
Claims paid	771,718	728,257	–750	–1,283	770,969	726,974
Change in provision for unsettled claims	13,989	17,584	114	–378	14,102	17,206
Total	**785,707**	**745,841**	**–636**	**–1,661**	**785,071**	**744,180**
Change in insurance provision	143,265	133,192	46	68	143,310	133,260
Change in other technical provisions	19	–9	0	0	19	–9
Non-profit-related and profit-related premium refund expenses	31,875	30,524	0	0	31,875	30,524
Total benefits	**960,866**	**909,547**	**–590**	**–1,593**	**960,275**	**907,955**
Life insurance						
Claims expenses						
Claims paid	1,182,199	1,211,405	–22,543	–24,854	1,159,656	1,186,551
Change in provision for unsettled claims	–17,270	31,699	656	368	–16,615	32,067
Total	**1,164,928**	**1,243,104**	**–21,887**	**–24,485**	**1,143,041**	**1,218,618**
Change in insurance provision	–208,217	–215,945	5,672	1,813	–202,545	–214,132
Change in other technical provisions	232	0	0	0	232	0
Non-profit-related and profit-related premium refund expenses and/or (deferred) benefit participation expenses	36,607	31,234	0	0	36,607	31,234
Total benefits	**993,550**	**1,058,393**	**–16,215**	**–22,673**	**977,335**	**1,035,721**
Total	**3,756,264**	**3,800,194**	**–99,186**	**–166,447**	**3,657,078**	**3,633,748**

9. Operating expenses

In € thousand

	1–12/2019	1–12/2018
Property and casualty insurance		
Acquisition costs		
Payments	614,472	589,686
Change in deferred acquisition costs	–10,117	–13,515
Other operating expenses	269,600	246,931
Reinsurance commission and share of profit from reinsurance ceded	–12,713	–12,123
	861,241	**810,980**
Health insurance		
Acquisition costs		
Payments	107,054	109,335
Change in deferred acquisition costs	–14,504	–11,431
Other operating expenses	95,733	86,522
Reinsurance commission and share of profit from reinsurance ceded	–470	–570
	187,813	**183,856**
Life insurance		
Acquisition costs		
Payments	172,103	166,617
Change in deferred acquisition costs	56,252	24,853
Other operating expenses	134,408	129,253
Reinsurance commission and share of profit from reinsurance ceded	–4,700	–906
	358,062	**319,817**
Total	**1,407,116**	**1,314,653**

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.

Leases

For the first-time application of IFRS 16 (Leases), UNIQA uses the modified retrospective method.

There are around 1,200 contracts throughout the entire Group which fall within the scope of the standard and for which UNIQA is lessee. Nearly all contracts are simple standard contracts. They mainly relate to real estate and in part to operating and office equipment. A significant portion of the capitalised rights of use consists of a small number of contracts concluded for an indefinite period for which estimates had to be made regarding their duration and the exercise of termination options. The terms used to calculate these contracts are up to 60 years. The average contract term of the remaining contracts is between three and five years.

The discount rate used 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 weighted average of the discount rate applied to the first-time recognition of the lease liability amounts to 1.5 per cent.

Non-lease components included in the leases will not be allocated. Leases with a contractual term of less than twelve months and low value assets were not recognised.

Acquisition costs
In € thousand

	Land and buildings for own use	Usage rights from land and buildings for own use	Other property, plant and equipment	Usage rights from other property, plant and equipment	Total
At 1 January 2018	**408,767**	**0**	**236,817**	**0**	**645,583**
Currency translation	–1,250	0	–150	0	–1,401
Additions	3,838	0	28,712	0	32,550
Disposals	–2,791	0	–14,585	0	–17,376
Reclassifications	2,811	0	–1,084	0	1,726
At 31 December 2018	**411,374**	**0**	**249,709**	**0**	**661,083**
At 1 January 2019	**411,374**	**0**	**249,709**	**0**	**661,083**
Currency translation	–364	25	269	9	–61
Change in basis of consolidation	0	–25	275	–9	240
Additions	6,141	70,977	20,696	1,773	99,588
Disposals	–2,511	–394	–21,964	–16	–24,884
Reclassifications	–56	0	–10,556	0	–10,612
At 31 December 2019	**414,585**	**70,584**	**238,429**	**1,757**	**725,355**

Accumulated depreciation and impairment losses
In € thousand

	Land and buildings for own use	Usage rights from land and buildings for own use	Other property, plant and equipment	Usage rights from other property, plant and equipment	Total
At 1 January 2018	**–165,367**	**0**	**–169,606**	**0**	**–334,973**
Currency translation	395	0	20	0	415
Additions from depreciation	–10,723	0	–16,182	0	–26,904
Additions from impairment	–158	0	0	0	–158
Disposals	1,990	0	11,414	0	13,403
Reclassifications	–1,939	0	127	0	–1,812
Reversal of impairment	0	0	8	0	8
At 31 December 2018	**–175,801**	**0**	**–174,219**	**0**	**–350,021**
At 1 January 2019	**–175,801**	**0**	**–174,219**	**0**	**–350,021**
Currency translation	170	0	–102	0	68
Change in basis of consolidation	0	0	11	0	11
Additions from depreciation	–10,874	–10,254	–15,004	–659	–36,791
Additions from impairment	–13	0	0	0	–13
Disposals	471	317	12,364	16	13,167
Reclassifications	0	0	4	0	4
Reversal of impairment	0	0	1	0	1
At 31 December 2019	**–186,048**	**–9,937**	**–176,947**	**–643**	**–373,575**

Carrying amounts
In € thousand

	Land and buildings for own use	Usage rights from land and buildings for own use	Other property, plant and equipment	Usage rights from other property, plant and equipment	Total
At 1 January 2018	243,400	0	67,210	0	310,610
At 31 December 2018	235,573	0	75,489	0	311,062
At 31 December 2019	228,537	60,647	61,482	1,114	351,780

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 2018	205,776	30,386	165,722	401,884
At 31 December 2019	208,991	31,076	185,784	425,851

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

Amounts recognised in consolidated financial statements
In € thousand

	2019
Amounts recognised in the consolidated income statement	
Interest on lease liabilities	1,074
Expenses relating to short-term leases	1,717
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	5,200
Amounts recognised in the consolidated statement of cash flows	
Cash outflows for leases	–10,628

Reconciliation of lease obligations
In € thousand

Future lease payments from operating leases at 31 December 2018	20,636
Omission of short-term leases	–1,717
Omission of leases for low-value assets	–13,001
Estimate for termination and extension option	66,477
Lease liability at 1 January 2019	72,396

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. They are amortised over the term of the respective insurance contract. 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

Ascertainment and allocation of goodwill

For the purpose of the impairment test, UNIQA has allocated the goodwill to cash-generating units (CGUs) 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)
- Poland (CE)
- Romania (EE)
- Russia (RU)
- Serbia (SEE)
- Montenegro (SEE)
- Slovakia (CE)
- Czech Republic (CE)
- Hungary (CE)

Goodwill by CGU
In € thousand

	31/12/2019	31/12/2018
Albania/Kosovo/North Macedonia as subgroup of the SIGAL Group	23,299	22,863
Bulgaria	55,812	55,812
Poland	27,927	27,638
Romania	98,460	100,983
Serbia	19,998	19,898
Czech Republic	8,347	8,244
Hungary	16,179	16,660
UNIQA Austria	37,737	37,737
Other	3,567	5,677
Total	**291,327**	**295,513**

Impairment test for goodwill

The impairment test was carried out in the fourth quarter of 2019. In order to test the impairment for goodwill, the recoverable amount of the CGUs is determined. Impairment is recognised when the recoverable amount of a CGU is less than its value to be covered, consisting of goodwill, the proportional net assets and any capital increases. The impairment of goodwill is recognised in profit/(loss) for the period under the item "Amortisation of goodwill and impairment losses".

Determination of the recoverable amount

The recoverable amount of the CGUs with goodwill allocated is calculated on the basis of value in use by applying generally accepted measurement 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. This includes an integrated reporting and documentation process integrated into this dialogue and takes into account empirical values from previous planning periods. 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. 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 include our own research, as well as country risks, growth rate estimations and multiples published by Damodaran (NYU Stern).

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 a maturity of 30 years) 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. 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.

Capitalisation rate 2019
In per cent

	Discount factor		Discount factor perpetuity		Growth rate (perpetuity)
	Property/ casualty	Life & health	Property/ casualty	Life & health	Property/casualty Life & health
Albania/Kosovo/North Macedonia as subgroup of the SIGAL Group[1]	12.7–15.0	13.1–15.4	12.9–15.0	13.3–15.4	6.2–6.8
Bosnia and Herzegovina	16.3	16.7	16.8	17.2	6.3
Bulgaria	11.9	12.3	10.7	11.1	5.6
Montenegro	13.3	13.7	14.0	14.4	6.0
Austria	8.5	8.9	8.5	8.9	1.0
Poland	9.9	10.3	9.2	9.6	4.8
Romania	13.7	14.1	11.3	11.7	5.7
Russia	14.7	15.1	13.2	13.6	6.5
Serbia	13.7	14.1	13.7	14.1	6.2
Slovakia	9.1	9.5	9.1	9.5	4.5
Czech Republic	10.3	10.7	8.7	9.1	4.2
Hungary	12.8	13.2	11.7	12.2	5.1

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 2018
In per cent

	Discount factor		Discount factor perpetuity		Growth rate (perpetuity)
	Property/ casualty	Life & health	Property/ casualty	Life & health	Property/casualty Life & health
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
Bosnia and Herzegovina	15.1	15.6	15.0	15.5	6.6
Bulgaria	10.5	11.0	9.8	10.3	5.8
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
Serbia	13.1	13.6	12.6	13.1	6.4
Slovakia	9.2	9.6	9.2	9.6	4.6
Czech Republic	9.0	9.5	8.3	8.8	4.4
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.

Impairments for the financial year
Due to the assumed development of cash flows an impairment was made for the CGU Slovakia amounting to €120 thousand, and for the CGU Montenegro amounting to €81 thousand. There was also an impairment amounting to €1,852 thousand recognised in the financial year for the CGU Bosnia on account of an increased retention requirement.

Sensitivity analyses
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 markets develop entirely differently 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 was a rise in interest rates of 50 basis points or a change in the underlying cash flow by –5 per cent, the CGU Bulgaria's value could fall below its carrying amount.

Other intangible assets

Other intangible assets include both purchased and internally generated software, which is depreciated on a straight-line basis over its useful economic life of 2 to 20 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.

Rights of use for leased intangible assets are not recognised.

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 2018	**1,133,156**	**112,903**	**377,814**	**247,420**	**1,871,293**
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	167,613	0	0	0	167,613
Portfolio additions and disposals	22,267	0	0	0	22,267
Amortisation	–170,555	0	0	0	–170,555
At 31 December 2018	**1,152,095**	**112,896**	**377,779**	**332,076**	**1,974,845**
At 1 January 2019	**1,152,095**	**112,896**	**377,779**	**332,076**	**1,974,845**
Currency translation	2,738	–701	–2,068	–90	–121
Change in basis of consolidation	0	0	–109	0	–109
Additions	0	0	0	77,886	77,886
Disposals	0	0	0	–2,917	–2,917
Reclassifications	0	0	0	15	15
Interest capitalised	–8,399	0	0	0	–8,399
Capitalisation	238,513	0	0	0	238,513
Portfolio additions and disposals	145	0	0	0	145
Amortisation	–261,297	0	0	0	–261,297
At 31 December 2019	**1,123,795**	**112,195**	**375,601**	**406,970**	**2,018,561**

Accumulated amortisation and impairment losses

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
At 1 January 2018		**–99,591**	**–82,230**	**–159,924**	**–341,745**
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**	**–171,490**	**–355,961**
At 1 January 2019		**–102,206**	**–82,265**	**–171,490**	**–355,961**
Currency translation		687	0	285	973
Change in basis of consolidation		0	44	0	44
Additions from amortisation		–2,509	–2,053	–18,862	–23,425
Disposals		0	0	927	927
Reversal of impairment		0	0	–1	–1
Reclassifications		0	0	–4	–4
At 31 December 2019		**–104,028**	**–84,274**	**–189,145**	**–377,446**

Carrying amounts

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
At 1 January 2018	**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**
At 31 December 2019	**1,123,795**	**8,168**	**291,327**	**217,826**	**1,641,116**

Other intangible assets mainly comprise software.

Other current assets

12. Receivables, including insurance receivables

In € thousand	31/12/2019	31/12/2018
Reinsurance receivables		
Receivables from reinsurance business	50,912	32,179
	50,912	**32,179**
Insurance receivables		
from policyholders	250,196	231,222
from insurance intermediaries	22,941	20,455
from insurance companies	12,419	7,968
	285,557	**259,645**
Other receivables		
Receivables from services	69,070	73,546
Other tax refund claims	14,654	19,108
Remaining receivables	73,434	112,439
	157,158	**205,092**
Subtotal	**493,627**	**496,916**
of which receivables with a remaining maturity of		
up to 1 year	491,049	494,462
more than 1 year	2,578	2,455
	493,627	**496,916**
of which receivables with values not yet impaired		
up to 3 months overdue	8,177	11,792
more than 3 months overdue	8,034	8,971
Other assets	**53,033**	**43,793**
Total receivables including insurance receivables	**546,659**	**540,709**

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	
	2019	2018	2019	2018	2019	2018
At 1 January	−2,329	−525	−17,187	−18,858	−6,694	−7,942
Allocation	0	−1,804	−1,957	−4,078	−1,312	−829
Use	2,304	0	779	1,239	609	439
Reversal	25	0	6,380	3,943	1,009	1,816
Currency translation	0	0	−91	567	−582	−178
At 31 December	**0**	**−2,329**	**−12,076**	**−17,187**	**−6,971**	**−6,694**

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

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

13. Cash and cash equivalents

In € thousand

	31/12/2019	31/12/2018
Cash collateral in connection with securities lending transactions	0	772,196
Current bank balances, cheques and cash-in-hand	479,621	672,195
Total	**479,621**	**1,444,391**

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.

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.

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. They have therefore been reported under assets in disposal groups held for sale (health and life business lines). In the course of the financial year, 18 real estate properties were sold. As at 31 December 2019, one property with a carrying amount of €13,778 thousand was returned to the item “Investment property”, following a change in estimates of its saleability.

Taxes

15. Income tax

Income tax
In € thousand

	1–12/2019	1–12/2018
Actual tax – reporting year	33,647	11,059
Actual tax – previous years	11,345	21,087
Deferred tax	14,180	27,324
Total	**59,172**	**59,470**

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

	1–12/2019	1–12/2018
Earnings before taxes	**295,667**	**294,618**
Expected tax expenses[1)]	**73,917**	**73,655**
Adjusted by tax effects from		
Tax-free investment income	–17,250	–17,807
Amortisation of goodwill and impairment losses	513	–35
Tax-neutral consolidation effect	27	–81
Other non-deductible expenses/other tax-exempt income	994	2,749
Changes in tax rates	–20	0
Deviations in tax rates	–18,069	–12,329
Tax deducted at source	1,356	328
Taxes for previous years	8,532	21,758
Lapse of loss carried forward and other	9,171	–8,767
Income tax expenses	**59,172**	**59,470**
Average effective tax burden (in per cent)	**20.0**	**20.2**

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.

16. Deferred taxes

The calculation of deferred tax is based on the specific tax rates of each country, which were between 9 and 25 per cent in the financial year (2018: between 5 and 25 per cent). Changes in tax rates in effect at 31 December 2019 are taken into account.

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 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**
At 1 January 2019	**–249,241**
Changes recognised in profit/(loss)	–14,180
Changes recognised in other comprehensive income	–106,170
Reclassifications held for sale	–1,088
Foreign exchange differences	186
At 31 December 2019	**–370,492**

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

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

	31/12/2019	31/12/2018
Deferred tax assets (gross)		
Technical items	57,568	54,249
Investments	22,349	26,678
Actuarial gains and losses on defined benefit obligations	61,891	45,316
Loss carried forward	12,471	14,043
Other items	22,212	12,773
Total	**176,490**	**153,059**
Deferred tax liabilities (gross)		
Technical items	−311,477	−298,358
Investments	−211,903	−60,737
Actuarial gains and losses on defined benefit obligations	−1	−1
Other items	−23,600	−43,203
Total	**−546,982**	**−402,300**
Net deferred tax	**−370,492**	**−249,241**

The temporary differences in connection with shares in subsidiaries and associates for which no deferred tax liabilities were recognised amounted to €1,657,532 thousand (2018: €2,821,988 thousand).

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 deferred tax assets stated include €12,471 thousand (2018: €14,043 thousand) attributable to tax loss carryforwards.

These tax assets from loss carryforwards are forfeited as follows:

In € thousand

	31/12/2019	31/12/2018
Up to 1 year	11,187	4,784
2 to 5 years	19,604	13,275
More than 5 years	101,338	136,578
Total	**132,128**	**154,637**

Deferred tax assets from loss carryforwards in the amount of €10,577 thousand (2018: €11,922 thousand) were not recognised, as a realisation of these in the near future cannot be assumed, taking maturities into account.

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 costs and 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 2019	**439,983**	**–90,102**	**349,881**	**143,687**	**493,568**
Current service costs	16,203	0	16,203	3,180	19,383
Interest expense/income	7,158	–1,376	5,782	1,387	7,169
Past service costs and gains or losses from settlements	–1,378	0	–1,378	0	–1,378
Components of defined benefit obligations recognised in the income statement	**21,983**	**–1,376**	**20,608**	**4,567**	**25,175**
Return on plan assets recognised in other comprehensive income	0	–5,971	–5,971	288	–5,683
Actuarial gains and losses that arise from changes in demographic assumptions	51	0	51	690	741
Actuarial gains and losses that arise from changes in financial assumptions	55,527	0	55,527	7,738	63,266
Actuarial gains and losses that arise from experience adjustments	7,367	0	7,367	3,679	11,046
Other comprehensive income	**62,946**	**–5,971**	**56,974**	**12,395**	**69,369**
Changes from currency translation	6	0	6	1	7
Payments	–19,433	0	–19,433	–26,078	–45,511
Contribution to plan assets	0	–8,116	–8,116	0	–8,116
Transfer in	7	0	7	–254	–247
Transfer out	–7,022	5,029	–1,993	0	–1,993
At 31 December 2019	**498,469**	**–100,536**	**397,933**	**134,318**	**532,251**

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 and gains or losses from settlements	–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**

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

In per cent	31/12/2019		31/12/2018	
	Listed	Unlisted	Listed	Unlisted
Bonds – euro	29.4	0.1	13.4	0.0
Bonds – euro high yield	0.3	0.0	0.6	0.0
Corporate bonds – euro	20.1	0.0	20.2	0.0
Equities – euro	6.8	0.0	4.6	0.0
Equities – non-euro	6.1	0.0	4.0	0.0
Equities – emerging markets	3.0	0.0	4.0	0.0
Alternative investment instruments	0.5	3.7	0.5	2.7
Land and buildings	0.0	5.0	0.0	5.2
Cash	0.0	24.0	0.0	42.1
HTM bonds/term deposits	1.2	0.0	2.6	0.0
Total	**67.2**	**32.8**	**49.9**	**50.1**

Contributions to plan assets are expected for the coming year in the amount of €6,580 thousand.

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

Calculation factors applied

In per cent	2019	2018
Discount rate in termination benefits	0.3	1.2
Discount rate in pensions	0.8	1.7
Valorisation of remuneration	3.0	3.0
Valorisation of pensions	0.8	2.0
Employee turnover rate	dependent on years of service	dependent on years of service
Calculation principles	AVÖ 2018 P – salaried employees	AVÖ 2018 P – salaried employees

Weighted average duration in years

	Pensions	Termination benefits
31 December 2019	**14.6**	**7.7**
31 December 2018	12.9	7.6

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

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

Sensitivity analysis

In per cent	Pensions 2019	Pensions 2018	Termination benefits 2019	Termination benefits 2018
Remaining life expectancy				
Change in DBO (+ 1 year)	3.8	3.4		
Change in DBO (– 1 year)	–4.0	–3.5		
Discount rate				
Change in DBO (+1 percentage point)	–12.1	–11.3	–7.1	–7.2
Change in DBO (-1 percentage point)	15.1	13.9	8.1	8.2
Future salary increase rate				
Change in DBO (+ 0.75%)	4.3	1.5	5.8	5.9
Change in DBO (– 0.75%)	–3.8	–1.5	–5.3	–5.4
Future pension increase rate				
Change in DBO (+ 0.25%)	3.6	3.3		
Change in DBO (– 0.25%)	–3.4	–3.2		

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 the defined contribution company pension scheme, the employer pays the fixed amounts into company pension funds. The insurance contributions to company pension funds amounted to €4,231 thousand (2018: €3,318 thousand). The employer has satisfied their obligation by making these contributions.

19. Employees

Personnel expenses

In € thousand

	1–12/2019	1–12/2018
Salaries	454,780	424,290
Expenses for termination benefits	4,567	6,038
Pension expenses	20,608	13,483
Expenditure on mandatory social security contributions as well as income-based charges and compulsory contributions	128,921	121,413
Other social expenditures	7,040	7,131
Total	**615,916**	**572,356**
of which sales	120,436	118,949
of which administration	493,351	458,730
of which retirees	2,129	–5,323

Average number of employees

	31/12/2019	31/12/2018
Total	**13,038**	**12,818**
of which sales	4,202	4,271
of which administration	8,836	8,547

Equity

20. Subscribed capital and capital reserves

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

A dividend of €0.53 per share was paid on 3 June 2019. This corresponds with a distribution amounting to €162,692 thousand. Subject to the approval of the Annual General Meeting, a dividend payment in the amount of €0.54 per share is planned for the financial year, which equates to a distribution in the amount of €165,761 thousand.

21. Treasury shares

Treasury shares

	31/12/2019	31/12/2018
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 20 May 2019, the Management Board is authorised to increase the company's share capital up to and including 30 June 2024 with the approval of the Supervisory Board by a total of up to €80,000,000 by issuing up to 80,000,000 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

	31/12/2019	31/12/2018
In measurement of financial instruments available for sale	4,255	–792
In actuarial gains and losses on defined benefit plans	–207	–177
In retained profit	5,129	16,770
In other equity	10,221	–1,364
Total	**19,399**	**14,438**

Subordinated liabilities

In July 2013, UNIQA Insurance Group AG successfully placed a supplementary capital bond with a volume of €350 million with institutional investors in Europe. The bond has a maturity period of 30 years and may only be terminated after 10 years. The coupon equals 6.875 per cent per annum during the first ten years; after that 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 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**
At 1 January 2019	**869,832**
Amortisation of transaction costs	355
Additions from accrued interests	23,061
Disposals from accrued interests	–23,139
At 31 December 2019	**870,110**

Maturity
In € thousand

	2019 long term	2019 short term	2018 long term	2018 short term
Subordinated liabilities	847,034	23,075	846,693	23,139

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	Lease liabilities	Total
At 1 January 2018	**0**	**13,837**	**26,514**	**0**	**40,352**
Additions	772,196	0	324	0	772,520
Disposals	0	0	–12,010	0	–12,010
Changes from currency translation	0	0	–1	0	–1
Profit or loss from changes of exchange rates	0	0	–1,389	0	–1,389
Additions from accrued interests	0	0	1,612	0	1,612
Disposals from accrued interests	0	0	–1,706	0	–1,706
Ordinary amortisation	0	–894	0	0	–894
At 31 December 2018	**772,196**	**12,943**	**13,345**	**0**	**798,484**
At 1 January 2019	**772,196**	**12,943**	**13,345**	**0**	**798,484**
Additions	0	3	37	75,179	75,219
Disposals	–772,196	0	–11,015	–3,404	–786,614
Changes from currency translation	0	0	7	0	7
Profit or loss from changes of exchange rates	0	0	–1,413	0	–1,413
Additions from accrued interests	0	0	30	859	890
Disposals from accrued interests	0	0	–322	0	–322
Ordinary amortisation	0	–942	0	–9,793	–10,735
At 31 December 2019	**0**	**12,004**	**670**	**62,842**	**75,516**

Maturity

In € thousand

	2019 long term	2019 short term	2018 long term	2018 short term
Liabilities from collateral received for securities lending	0	0	0	772,196
Liabilities from loans	11,104	900	12,943	0
Derivative financial instruments	1	669	12,456	889
Lease liabilities	57,861	4,980	0	0
Total	**68,966**	**6,550**	**25,399**	**773,085**

Changes in financial liabilities

In € thousand

	Subordinated liabilities	Financial liabilities	Changes in financial liabilities
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**
At 1 January 2019	**869,832**	**798,484**	**1,668,316**
Payments from other financing activities	0	–794,017	–794,017
Currency translation	0	7	7
Change in basis of consolidation	0	10,255	10,255
Other changes	278	60,787	61,065
At 31 December 2019	**870,110**	**75,516**	**945,625**

25. Liabilities and other items classified as liabilities

In € thousand

	31/12/2019	31/12/2018
Reinsurance liabilities		
Deposits retained on assumed reinsurance	123,578	129,963
Reinsurance settlement liabilities	37,321	43,501
	160,899	**173,464**
Insurance liabilities		
to policyholders	161,586	165,610
to insurance brokers	57,225	49,565
to insurance companies	16,279	9,953
	235,091	**225,129**
Liabilities to credit institutions	**3,501**	**3,505**
Other liabilities		
Personnel-related obligations	87,763	102,688
Liabilities from services	86,813	87,493
Liabilities from investment contracts	59,368	56,446
Other tax liabilities (without income tax)	79,858	69,432
Other liabilities	67,424	72,164
	381,227	**388,223**
Subtotal	**780,717**	**790,321**
of which liabilities with a maturity of		
up to 1 year	707,468	758,923
more than 1 year and up to 5 years	16,233	10,045
more than 5 years	57,017	21,353
	780,717	**790,321**
Other debt	**22,378**	**16,889**
Total liabilities and other items classified as liabilities	**803,095**	**807,210**

The item “Other debt” basically comprises the balance of the deferred income from the settlement of indirect business.

Other non-technical income and expenses

26. Other income

In € thousand

	1–12/2019	1–12/2018 adjusted
Property and casualty insurance	18,607	26,066
Health insurance	157,234	145,956
Life insurance	16,517	5,236
Of which:		
Medical services	154,877	144,037
Other services	9,837	11,036
Changes in exchange rates	16,208	15,307
Other	11,437	6,878
Total	**192,359**	**177,258**

Revenues from medical services are almost always realised at the time of purchase.

27. Other expenses

In € thousand

	1–12/2019	1–12/2018 adjusted
Property and casualty insurance	38,219	44,581
Health insurance	147,494	144,476
Life insurance	5,307	20,626
Of which:		
Medical services	142,959	139,838
Other services	19,925	19,959
Exchange rate losses	9,449	26,324
Other	18,686	23,562
Total	**191,019**	**209,683**

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

Remuneration of the Management Board
In € thousand

	1–12/2019	1–12/2018
Fixed remuneration[1]	1,574	1,612
Variable remuneration[2]	1,141	1,295
Multi-year share-based remuneration[3]	468	450
Current remuneration	**3,183**	**3,356**

1) The fixed salary components include remuneration in kind equivalent to €35 thousand (2018: €35 thousand).
2) 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").
3) 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.

For the 2017 financial year, expected payments of €423 thousand will be made for variable remuneration (STI) in subsequent years. For the 2018 financial year, payments of €437 thousand are expected to be made in the year 2022. For the 2019 financial year, payments of €1,585 thousand are expected to be made in the years 2020 and 2023.

As part of the multi-year long-term incentive plan (LTI), payments of €468 thousand were made to the members of the Management Board of UNIQA Insurance Group AG in 2019. For the subsequent years 2020 to 2023, a payment of €2,559 thousand is expected for the virtual shares allocated up to 31 December 2019.

Existing pension contributions for the members of the Management Board amounted to €359 thousand in the reporting year (2018: €359 thousand). The amount expended on pensions in the reporting year for former members of the Management Board and their survivors was €2,766 thousand (2018: €2,492 thousand).

The compensation to the members of the Supervisory Board for their work in the 2018 financial year was €739 thousand. Provisions of €745 thousand have been recognised for the remuneration to be paid for their work in 2019. The amount paid out in attendance fees and cash expenditures in the financial year was €72 thousand (2018: €67 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 accordance with this programme, entitled employees were conditionally awarded virtual UNIQA shares effective 1 January of the relevant financial year which give them the right to a cash payment after the end of the benefit period of four years in each case, provided certain key performance targets are met; maximum limits were 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 measurement 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 2019 a total of 1,066,194 virtual shares (2018: 1,103,954 shares) were relevant for the measurement. The fair value of share-based remuneration at the reporting date amounts to €7,169 thousand (2018: €6,690 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 2019					
Premiums written (gross)	897	52	1,232	49,371	51,551
Income from investments	8,583	526	22,785	5,313	37,207
Expenses from investments	–929	0	0	–2,078	–3,007
Other income	164	7,487	1,953	555	10,159
Other expenses	–3,265	–8,841	–2,674	–38,896	–53,675
At 31 December 2019					
Investments	211,065	29,901	644,941	45,172	931,078
Cash and cash equivalents	301,093	0	0	235,372	536,465
Receivables, including insurance receivables	27	2,727	39	3,752	6,545
Liabilities and other items classified as liabilities	0	906	245	4,399	5,550

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

Transactions with related persons

In € thousand

	1–12/2019	1–12/2018
Premiums written (gross)	529	505
Salaries and short-term benefits [1]	–5,382	–4,711
Pension expenses	–1,420	–940
Compensation on termination of employment contract	–158	–151
Expenditures for share-based payments	–1,255	–1,112
Other income	213	228

[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

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 €2,439 thousand (2018: €1,530 thousand); of which €369 thousand (2018: €368 thousand) is attributable to the annual audit, €1,146 thousand (2018: €1,133 thousand) to other auditing services and €924 thousand (2018: €29 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

	31/12/2019	31/12/2018
Consolidated companies		
Austria	33	34
Other countries	57	59
Associates		
Austria	5	5
Other countries	1	1
Consolidated investment funds		
Austria	6	6
Other countries	1	1

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

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

In June 2019 UNIQA Linzer Straße 104 GmbH & Co KG (formerly WLIN104 Immobilien GmbH &Co KG), Vienna, and in April 2019 Zabłocie Park sp. z o.o. (Warsaw, Poland) were acquired.

Restructuring processes

UNIPARTNER s.r.o. (Bratislava, Slovakia) was merged with UNIQA InsService spol. s r.o. (Bratislava, Slovakia) as the absorbing company in January 2019. In October 2019 UNIQA Group Audit GmbH, Vienna, was merged with UNIQA Insurance Group AG as the absorbing company. In December 2019 UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna, was merged with UNIQA Österreich International AG, Vienna, as the absorbing company.

Liquidation

In October 2019 LEGIWATON INVESTMENTS Limited Company (Limassol, Cyprus) was liquidated.

Deconsolidation

In January 2019 SH.A.F.P SIGAL LIFE UNIQA Group AUSTRIA sh.a. (Tirana, Albania) was deconsolidated.

Company	Type of consolidation	Location	Equity interest at 31/12/2019 In per cent	Equity interest at 31/12/2018 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. (Deconsolidation: 1/1/2019)	Fully consolidated	Albania, Tirana	0.0	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	99.8	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 Group Audit GmbH (Merger: 1/10/2019)	Fully consolidated	Vienna	0.0	100.0
UNIQA International AG	Fully consolidated	Vienna	100.0	100.0
UNIQA internationale Beteiligungs-Verwaltungs GmbH (Merger: 18/12/2019)	Fully consolidated	Vienna	0.0	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
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

Company	Type of consolidation	Location	Equity interest at 31/12/2019 In per cent	Equity interest at 31/12/2018 In per cent
UNIPARTNER s.r.o. (Merger: 1/1/2019)	Fully consolidated	Slovakia, Bratislava	0.0	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	100.0	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	99.9	99.8
Financial and strategic domestic shareholdings				
Diakonissen & Wehrle Privatklinik GmbH	Fully consolidated	Gallneukirchen	90.0	90.0
Goldenes Kreuz Privatklinik BetriebsGmbH	Fully consolidated	Vienna	100.0	75.0
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
Asena LLC	Fully consolidated	Ukraine, Kiev	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 (Deconsolidation: 1/10/2019)	Fully consolidated	Cyprus, Limassol	0.0	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 Linzer Straße 104 GmbH & Co KG (Initial consolidation: 1/4/2019)	Fully consolidated	Vienna	100.0	0.0
UNIQA Plaza Irodaház és Ingatlankezelő Kft.	Fully consolidated	Hungary, Budapest	100.0	100.0
UNIQA poslovni centar korzo d.o.o.	Fully consolidated	Croatia, Rijeka	100.0	100.0
UNIQA 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

Company	Type of consolidation	Location	Equity interest at 31/12/2019 In per cent	Equity interest at 31/12/2018 In per cent
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
Zablocie Park Sp. z o.o. (Initial consolidation: 1/4/2019)	Fully consolidated	Poland, Warsaw	100.0	0.0
Investment funds				
SSG Valluga Fund	Fully consolidated	Ireland, Dublin	100.0	100.0
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	99.7
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 with the initial application date of 1 January 2019. None of the new regulations arising from this have any essential impact on UNIQA's assets, liabilities, financial position and profit or loss.

Standard	Content	First-time application by UNIQA	Impact on UNIQA
IFRS 16	Leases	1 January 2019	Yes
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	No
IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019	No
Miscellaneous	Annual Improvements Project 2015–2017	1 January 2019	Yes
IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019	Yes

New and amended standards to be applied in the future

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

Standard	Content	First-time application by UNIQA	Endorsement by the EU at 31/12/2019	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 17	Insurance Contracts	1 January 2022[1)]	No	Yes
Amended standards				
	Updated Framework	1 January 2020	Yes	Yes
IFRS 3	Definition of a Business – Amendments to IFRS 3	1 January 2020	No	Yes
IAS 1, IAS 8	Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020	Yes	Yes
IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform	1 January 2020	Yes	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
Since UNIQA's business is predominantly insurance-related and UNIQA has not yet adopted IFRS 9 in any other version, a deferral to apply IFRS 9 for the first time is permitted until 1 January 2022 (see Footnote 1 to the table above). The use of UNIQA's deferral approach requires the publication of additional information in the notes for the period up to the initial application of IFRS 9.

Classification and measurement

The future classification and measurement of financial assets under IFRS 9 is derived from the business model criterion and the SPPI criterion (solely payments of principal and interest). Depending on the principle-based classification rules, IFRS 9 requires that subsequent measurement be carried out at amortised cost or at fair value.

UNIQA has already completed the technical development and implementation of an IT-system-based assessment of the SPPI criterion for the entire portfolio of relevant assets.

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: it can then be measured at amortised cost, or it can be measured at fair value 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	92.8	-	-	-
Loans and receivables	-	0.6	99.9	-	-
Total	**0.0**	**93.5**	**99.9**	**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	10,103,593	9,982,758	552,212	7,209	7,170	7,170
Corporate bonds	3,393,165	3,379,349	499,434	211,925	213,272	34,090
Covered bonds	2,691,043	2,670,983	–58,776	0	0	0
Loans	129,775	129,577	42,628	476	468	468
Other	0	0	0	900,530	899,983	95,105
Total	**16,317,577**	**16,162,666**	**1,035,498**	**1,120,140**	**1,120,894**	**136,834**

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 credit losses.

The logic of the model according to which future credit losses will be determined and its implementation in the IT systems is, at the time the financial statements are being prepared, in a development and analysis phase. 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 impairment provisions in accordance with IFRS 9. 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 at 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	1,890,830	101,117	1,778,171	0	0	3,770,117
AA	3,065,488	304,548	693,407	0	0	4,063,442
A	2,665,597	1,328,247	118,660	0	0	4,112,504
BBB	1,897,359	1,236,370	0	10,111	0	3,143,840
BB	319,527	59,715	22,544	0	0	401,785
B	250,331	8,703	0	0	0	259,033
≤ CCC	2,836	1	0	0	0	2,837
Not rated	11,627	354,465	78,263	119,664	0	564,019
Total	**10,103,593**	**3,393,165**	**2,691,043**	**129,775**	**0**	**16,317,577**

The fair value of the instruments which do not feature a low default risk (non-investment grade) amounts to €664 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. For the further course of the project, the focus is on the parallel phase in order to analyse the financial effects of the differences between IAS 39 and IFRS 9.

IFRS 17 – Insurance Contracts
IFRS 17 establishes principles relating to recognition, measurement, presentation and disclosures of insurance contracts.

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 values (best estimate cash flows) plus a risk margin with a mode for distributing the future profit from the contracts (contractual service margin). According to the current state of analysis, the general measurement model will be applicable to approximately 15 per cent of the insurance business.

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

For short-term insurance contracts, there is an option to use a simplified measurement model. According to current estimates, 45 per cent of the entire UNIQA portfolio, mainly from the property and casualty insurance area, can be measured and accounted for using this 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 current assessment here is that the portfolios of life and health insurance will predominantly be measured using the variable fee approach, which corresponds to around 40 per cent of the total portfolio.

For both, the general measurement model and the variable fee approach, UNIQA assumes at the time of publication of the Group report that the so-called OCI option will be applied where the respective allocated financial instruments on the asset side are also measured through other comprehensive income. The objective behind the application of this option is to reduce volatility in the financial position and income statement.

Since IFRS 17 is expected to lead to significant changes in the accounting and measurement of UNIQA's core business, a separate project team consisting of actuaries, accountants, controllers and IT experts has been appointed, and it reports to a central programme management. This organisation was set up concurrently in all affected UNIQA subsidiaries in order to provide support in defining the requirements of the respective local characteristics and the product features for the entire UNIQA Group.

In order to adequately reflect the complexity of the standard, UNIQA decided to implement an insurance subledger. In the course of its implementation, characteristic sample business transactions, so-called use cases, were developed for all existing product groups in the entire UNIQA portfolio. These sample business transactions reflect the technical interpretation of IFRS 17 from UNIQA's point of view and illustrate the configuration plan for the insurance subledger. They are the core of the new software solution.

The sample business transactions were created in close cooperation with the actuaries, accountants and the technical implementation team and shared with the UNIQA Group subsidiaries in a two-stage feedback process. In the course of numerous workshops and feedback rounds, specific features of the product landscapes of the individual subsidiaries were updated and integrated in the pool of use cases. This meant that a large part of the professional and technical design for the core of the professional and technical reporting and process environment required by IFRS 17 was developed in the 2019 financial year.

In addition to the use cases, various IFRS 17 technical concepts in the actuarial and accounting areas were shared with the subsidiaries in 2019 and expanded to include their features and specifics. In the second half of 2019, UNIQA also began considering the various possible transition methods from IFRS 4 to IFRS 17 based on the available data granularity.

In the past financial year, the effects and interaction of IFRS 9 and IFRS 17 on the financial position and income statement of UNIQA Österreich Versicherungen AG were analysed. This analysis was based on several simplifications and assumptions. For example, in the health and life insurance segments, the future expected cash flows were based on the results of the market consistent embedded value (MCEV). Furthermore, a full cost approach was applied in the analysis. The risk adjustment was derived in accordance with the requirements of the Solvency II risk margin.

Despite simplifications and estimates, important lessons have been learned:

- The comparability of IFRS 4 and IFRS 17 is limited due to the fundamental differences between the two accounting standards.
- Despite certain similarities with the solvency regulations under Solvency II, the interpretation of the results according to IFRS 17 is a great challenge due to the significantly increased complexity. In addition, the parameters for measuring the success of the company will change and new indicators such as the contractual service margin or loss component will be added.
- In order to ensure that the measurement of insurance contracts is in accordance with the provisions of IFRS 17, much larger volumes of data need be processed and validated compared to IFRS 4.

In the course of the impact analysis, all three measurement models described above (general measurement model, variable fee approach and premium allocation approach) were applied specifically to the portfolio of UNIQA Österreich Versicherungen AG. Due to the limited scope of this impact analysis, no conclusions can be drawn about the impact of IFRS 17 on the Group as a whole.

37. Error correction in accordance with IAS 8

Netting of income and expenses of the PremiQaMed Group

As part of the conversion of the UNIQA accounting system to a new IT system, an error was identified in the allocation of the PremiQaMed Group's revenue and expenses to the items in the consolidated income statement. UNIQA was showing the profit that the PremiQaMed companies generated with UNIQA policyholders as a reduction in (gross) insurance benefits. In doing so, PremiQaMed internal leases were not fully consolidated, resulting in a total increase of €7,106 thousand in the allocated profits.

Furthermore, income and related expenses resulting from settlements with other service recipients were netted and reported under other income. This resulted in a reduction of €140,414 thousand in the item "Other income" and an understatement of €137,147 thousand in the item "Other expenses".

The real estate used by the PremiQaMed Group is shown in the consolidated statement of financial position under the item "Investment property". Accordingly, up until now the resulting expenses (depreciation and amortisation) were shown under "Expenses from investments". However, like all other expenses of the PremiQaMed Group, the depreciation and amortisation amounting to €3,839 thousand should be allocated to other non-technical expenses.

Consolidated income statement
In € thousand

	1–12/2018 published	PremiQaMed Gruppe	1–12/2018 adjusted
Insurance benefits			
Gross	–3,793,089	–7,106	–3,800,194
Reinsurers' share	166,447	0	166,447
	–3,626,642	**–7,106**	**–3,633,748**
Technical result	**140,180**	**–7,106**	**133,074**
Net investment income			
Income from investments	917,575	0	917,575
Expenses from investments	–445,574	3,839	–441,735
Financial assets accounted for using the equity method	109,189	0	109,189
	581,191	**3,839**	**585,029**
Other income	**36,844**	**140,414**	**177,258**
Other expenses	**–72,536**	**–137,147**	**–209,683**
Non-technical result	**209,913**	**7,106**	**217,018**
Profit/(loss) for the period	**235,148**	**0**	**235,148**

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 remeasurement, at the time of measurement.

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.

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".

Major exchange rates

	EUR closing rates		EUR average rates	
	31/12/2019	31/12/2018	1–12/2019	1–12/2018
Czech koruna (CZK)	25.4080	25.7240	25.6638	25.6703
Hungarian forint (HUF)	330.5300	320.9800	325.3846	319.2831
Polish złoty (PLN)	4.2568	4.3014	4.2992	4.2620
Romanian leu (RON)	4.7830	4.6635	4.7434	4.6555
Ukrainian hryvnia (UAH)	26.6796	31.7750	28.9962	32,2048
Russian rouble (RUB)	69.9563	79.7153	72.7949	73.7887
US dollar (USD)	1.1234	1.1450	1.1214	1.1803

Significant events after the reporting date

Acquisition of AXA companies in Poland, the Czech Republic and Slovakia

On 7 February 2020, UNIQA signed a purchase agreement with the AXA Group for the acquisition of shares in the AXA subsidiaries and branches in Poland, the Czech Republic and Slovakia. The purchase price is around €1 billion. The objects of purchase are life and non-life insurance companies, including their branches, as well as securities companies, pension funds and service companies of the AXA Group in the aforementioned countries. With the expansion in the growth region of Central and Eastern Europe, around five million customers are changing to UNIQA. The completion of the transaction is subject to all necessary regulatory approvals.

Merger of UNIQA Austria and UNIQA International

On 19 February 2020, the Management Board and Supervisory Board of UNIQA Insurance Group AG decided to merge UNIQA International AG as the assigning company with UNIQA Österreich Versicherungen AG as the receiving company in the course of 2020, subject to obtaining all regulatory approvals. UNIQA Insurance Group AG will continue to exist as a holding company. However, it will transfer other functions and its holdings in certain service companies – in particular, all internal Group services – to UNIQA Österreich Versicherungen AG. Furthermore, the plan is for UNIQA Insurance Group AG to transfer the reinsurance business within the Group and surrender its reinsurance licence. This agreed restructuring will not only streamline the Group and its management structure, it will also result in more efficient Group management and strengthen the customer-oriented organisation.

Coronavirus (COVID-19)

Starting in early 2020, the coronavirus (COVID-19) spread throughout Europe. Analyses have shown that for UNIQA, as an insurer in the potentially affected segments health insurance, life insurance and business interruption insurance, no significant effects are to be expected with regard to insurance benefits at this time. The overall economic effects of the spread of the coronavirus are still uncertain: in particular, developments in the capital markets are not yet foreseeable, and the consequences for UNIQA cannot be therefore conclusively assessed at present.

Risk report

39. Risk strategy

Principles

UNIQA's strategic objectives are directly linked to the company's risk strategy. The cornerstones of the risk strategy are based on the business strategy and the risks it entails. A clear definition of the risk preference creates the foundation for all business policy decisions.

Organisation

UNIQA's core business is to relieve customers of risk, pool the risk to reduce it and thereby generate profit for the company. The focus is on understanding risks and their particular features. To ensure a strong focus on risk, UNIQA has 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 the Group companies, the Chief Risk Officer is also a part of the Management Board. This ensures that decision-making is risk-based in all relevant bodies. UNIQA has established processes that make it possible to identify, analyse and manage risks.

The risk profile is regularly validated at all levels of the hierarchy and discussions are held in specially instituted committees with the members of the Management Board. Internal and external sources are consulted to obtain a complete picture of the risk situation. UNIQA regularly checks for new threats both in the Group and in the subsidiaries.

Risk-bearing capacity and risk appetite

UNIQA assumes risk in full awareness of its risk-bearing capacity. This is defined as the capacity to absorb potential losses from extreme events so that medium- and long-term objectives are not put in danger.

At the centre of the risk decisions is UNIQA's economic capital model (ECM), by means of which risks are quantified and own economic capital is determined. The ECM is based on the standard model according to Solvency II and also reflects the company's own risk assessment. This is expressed in the quantification of the risks from the non-life sectors such as market risks, in which the focus is placed on a stochastic cash flow model. UNIQA also uses this model for the regulatory risk calculations according to the Solvency II framework. Based on this model, UNIQA strives to maintain the risk capital cover (capital requirement ratio) within the range of 155 to 190 per cent. Immediate steps will be taken to improve the capital position if the marginal value falls below 135 per cent. Details for the reporting date as at 31 December 2019, including a detailed analysis of changes, can be found in the Group Economic Capital report.

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.

UNIQA's risk strategy specifies the risks the company intends to assume and those it plans to avoid. Within the scope of the strategy process, risk appetite is defined based on UNIQA's risk-bearing capacity. This risk appetite is then used to determine tolerances and limits, which provide a sufficient early warning system for the company to initiate prompt corrective action in the event of any deviation from targets. UNIQA counters risks that fall outside the defined risk appetite, such as reputational risk, with proactive measures, transparency and careful assessment.

Opportunities

Risk also means opportunity. UNIQA analyses trends and risks that influence the society and thus customers and the company itself. Employees throughout the company are involved in order to recognise 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 CFO/CRO and the full Management Board and describe the minimum requirements in terms of organisational structure and process structure.

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.

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

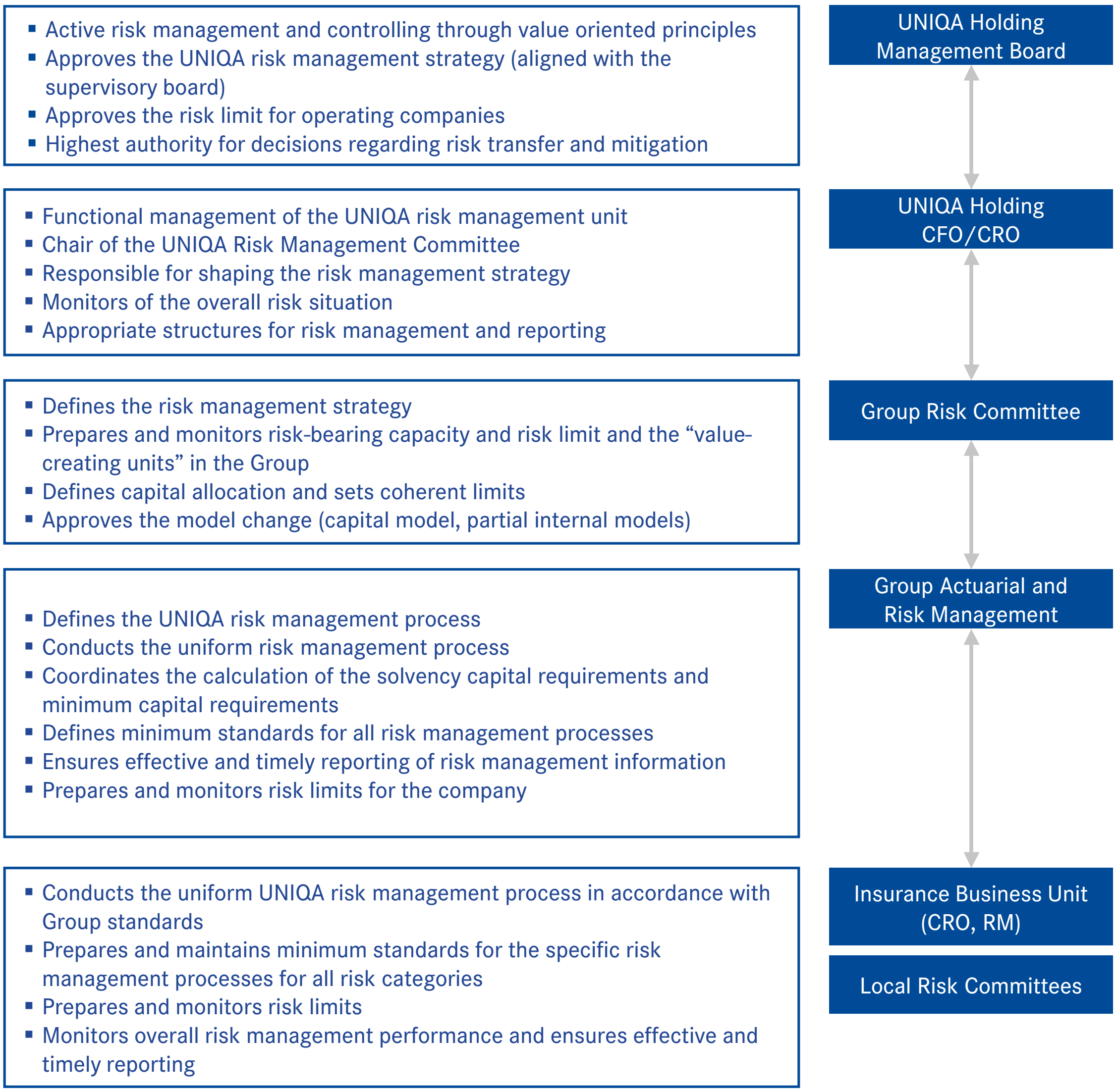
Those responsible for business activities must develop and put into practice an appropriate risk control environment to identify and monitor the risks that arise in connection with the business and processes.

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).



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:

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

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, underwriting 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 non-life or market risks). Furthermore, risk drivers are identified for the results from the standard approach, and analysed to assess whether the risk situation is adequately represented (in accordance with the Company's Own Risk and Solvency Assessment (ORSA)). All other classes of risk are evaluated quantitatively or qualitatively with their own risk scenarios.

41. Activities and objectives in 2019

Based on external and internal developments, activities in 2019 focused on the following:

- Further expansion of UNIQA 4WARD (Shared Service Centres (SSCs) in Bratislava)
- Security awareness
- Rollout of the new concept for the Internal Control System (ICS)
- Applying for the partial internal model for the market risk

UNIQA took a crucial step towards a "shared services" model in March 2018 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, to pool know-how and support the local companies, especially with regard to Group requirements. UNIQA 4WARD forms the basis for meeting future additional requirements in good time and based on the requisite quality. In 2019 the main focus was on the further expansion of UNIQA 4WARD's areas of activity. In addition to the activities in the areas of actuarial, risk and security management, the scope of UNIQA 4WARD's activities was expanded to include financial services in the second half of 2019.

The topic of security and the associated risks are of great importance to UNIQA. Therefore, a campaign launched by UNIQA aiming at deepening the understanding of the topic was started in 2019 under the title "UNIQA Protection". It covers the areas of security management, data protection, compliance and IDD. The campaign served primarily to raise awareness of the above-mentioned issues within the company. The focus was on security (of UNIQA, employees, customers and business partners), data protection and the correct implementation of compliance and insurance guidelines in the context of e-learning, classroom training and a competition.

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 it 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. Building on this, the concept of the "New ICS" was then developed as part of a design phase. The key alteration involves the harmonisation of a Group-wide risk catalogue and a focus on the operational risks and controls relevant to the Group and the Group companies.

In 2019 the focus was on the roll-out of the new concept throughout the Group. The first processes were started in Austria, Poland, Hungary, Serbia and Russia. The challenges were due in particular to the fact that a large number of processes within the Group are affected by the ICS, and the rollout therefore required appropriate coordination effort on the one hand, along with assurances that the knowledge and expertise was passed onto the employees of the relevant companies on the other.

In recent years UNIQA also worked intensively on developing the partial internal model (which was approved in December 2017 for property and casualty insurance). Specifically, the model was expanded to include the market risk module. Following the successful completion of the model in 2018, the focus in 2019 was on integrating it into the regular risk assessment process. The model was submitted to the FMA in 2019 for approval, which was granted at the end of 2019. This means the official SCR calculation now includes the results of the partial internal model for the market risk module.

42. Challenges and priorities in risk management for 2020

Solvency II review

One of the topics that will continue to accompany UNIQA in 2020 is the ongoing review of the Solvency II Directive. EIOPA already published extensive consultation papers in 2019, containing a total of 19 topics, which are divided into two consultation waves. These waves dealt with both qualitative (e.g. Group supervision, macro-prudential issues, reporting and disclosure) and quantitative topics (e.g. risk-free rate, risk margin, SCR, own funds). The review of Solvency II does not yet have a binding character because the focus is still on consultation and proposals for amendments. These initial proposals will determine the direction in which the entire Solvency II framework will change. This topic therefore represents a great challenge for UNIQA. There will also be a project to go with it in 2020: a group of experts will analyse the effects of this review on the company. This will ensure timely mitigation of the risk of being unable to meet future regulatory requirements.

New risk strategy

The current corporate strategy UNIQA 2.0 expires in 2020. At present UNIQA is working intensively on the design of the new corporate strategy under the working title "UNIQA 3.0". With this, the company aims to put a strong focus on the customer and try to become more efficient and deliver relevant innovations quickly. In conjunction with the revision of the corporate strategy, the current risk strategy will also have to be revised and adjusted accordingly in order to adequately reflect the adjusted circumstances.

GRC tool implementation

As mentioned in the section on activities, work was done on designing the internal control system. As a further step, this will be realised in an IT solution. In order to support the implementation of the ICS from a systemic point of view, the introduction of a governance, risk and compliance (GRC) tool will be one of the focal points in 2020. The implementation challenges are mainly due to the fact that the requirements of four areas (compliance, security management, data protection and risk management) have to be coordinated and then mapped in the GRC tool.

The new heat map project

UNIQA has started a project to revise the Group-wide tool for risk reporting ("heat map"). The goal of the project is to create an intuitive overview of UNIQA's current and overall risk profile and to ensure comparability with the risk strategy. One challenge in 2020 will be to map and test the developed concept in the IT tool risk2value and to implement it throughout the Group.

43. Capitalisation

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

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". 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 S&P. The agency rates the outlook for all companies as "stable".

44. 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

	31/12/2019	31/12/2018
Fixed-income securities	16,473,243	15,461,745
Real estate assets	1,137,444	1,104,146
Pension fund	834,227	721,760
Equity investments and other stocks	794,450	734,817
Shares and equity funds	765,038	729,683
Time deposits	384,762	395,016
Other investments	235,631	189,899
Total	**20,624,797**	**19,337,067**

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

	31/12/2019	31/12/2018
Long-term life insurance contracts with guaranteed interest and profit participation	12,251,003	12,612,019
Long-term unit-linked and index-linked life insurance contracts	4,680,403	4,751,183
Long-term health insurance contracts	4,068,651	3,591,681
Short-term property and casualty insurance contracts	5,073,948	4,813,330
Total	**26,074,005**	**25,768,212**

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

	31/12/2019	31/12/2018
Long-term life insurance contracts with guaranteed interest and profit participation	11,143,552	10,890,862
Long-term unit-linked and index-linked life insurance contracts	4,646,152	4,721,904
Long-term health insurance contracts	3,359,589	3,191,419
Short-term property and casualty insurance contracts	3,061,309	2,970,578
Total	**22,210,602**	**21,774,763**

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 market and credit risk is broken down into interest rate, credit spread, equity, currency and market concentration risk.

The **interest rate risk** arises on all asset and liability items of the statement of financial position 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

	31/12/2019	31/12/2018
Up to 1 year	673,476	770,848
More than 1 year up to 3 years	1,888,393	1,892,686
More than 3 years up to 5 years	2,468,311	2,557,814
More than 5 years up to 7 years	2,323,011	2,443,177
More than 7 years up to 10 years	3,067,014	2,800,238
More than 10 years up to 15 years	2,503,197	2,141,868
More than 15 years	3,549,841	2,855,114
Total	**16,473,243**	**15,461,745**

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

	31/12/2019	31/12/2018
Up to 1 year	1,133,007	1,138,678
More than 1 year up to 3 years	1,085,507	1,359,578
More than 3 years up to 5 years	994,309	1,007,618
More than 5 years up to 7 years	1,127,128	1,074,549
More than 7 years up to 10 years	1,490,459	1,578,545
More than 10 years up to 15 years	2,433,869	2,455,407
More than 15 years	7,226,506	6,896,491
Total	**15,490,785**	**15,510,867**

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. Using UNIQA Österreich Versicherungen AG as an example, the average interest rate sensitivity of life insurance in the event of a change in interest rates of +/-50 basis points for the assets is €453.0 million, and that of liabilities €563.0 million. The difference between these two values is used as the control basis for the interest rate risk or the duration gap. During the annual ALM process, it is determined from a strategic point of view which budgets for interest rate risk can be accepted at the operating company level.

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)	3.5		3.0
Eastern Europe (EE)	3.5	3.6	3.3
Southeastern Europe (SEE)	2.2	1.9	0.8
Russia (RU)	2.7	2.7	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 0.0 per cent.

The **credit 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 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

	31/12/2019	31/12/2018
AAA	3,770,117	3,854,062
AA	4,063,442	3,988,504
A	4,135,223	3,640,541
BBB	3,191,344	2,524,826
BB	421,238	712,052
B	271,218	240,932
≤ CCC	2,837	6,090
Not rated	617,825	494,739
Total	**16,473,243**	**15,461,745**

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 “Equity investments and other stocks” and “Equities”. 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 tables show a breakdown of assets and liabilities by currency.

Currency risk 31/12/2019
In € thousand

	Assets	Provisions and liabilities
EUR	**24,914,175**	**22,255,561**
USD	315,363	92,359
CZK	651,244	530,656
HUF	492,803	576,893
PLN	993,648	804,969
RON	379,563	203,371
Other	981,612	844,177
Total	**28,728,409**	**25,307,986**

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**

UNIQA strives to keep the **market concentration risk** as low as possible. 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.

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, 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 for other investments are determined by simulating each scenario for each individual item, keeping all other parameters constant in each case. Market value changes that have no effect on the balance sheet include reclassified bonds and loans in the case of interest rate and credit spread risk.

Interest rate risk

In € thousand

	31/12/2019		31/12/2018	
	+ 100 basis points	– 100 basis points	+ 100 basis points	– 100 basis points
Government bonds	– 854,656	1,033,307	–736,457	851,479
Corporate bonds (incl. covered)	– 381,292	426,367	–316,143	375,514
Other	– 46,957	58,958	–35,852	15,855
Total	**– 1,282,905**	**1,518,632**	**– 1,088,451**	**1,242,848**
Of which income statement	– 951	2,292	1,781	– 1,127
Of which equity	– 1,281,954	1,516,340	– 1,090,232	1,243,975

Credit spread risk

In € thousand

	31/12/2019	31/12/2018
	+ 100 basis points	+ 100 basis points
Income statement	– 1,784	– 2,743
Equity	– 1,275,863	– 1,111,082
Total	**– 1,277,647**	**– 1,113,826**

Equity risk

In € thousand

	31/12/2019	31/12/2018
	– 30%	– 30%
Income statement	– 126,609	– 305,289
Equity	– 107,515	– 69,897
Total	**– 234,124**	**– 375,186**

Currency risk

In € thousand

	31/12/2019		31/12/2018	
	10%	– 10%	10%	– 10%
PLN	51,970	– 51,970	48,526	– 48,526
USD	24,921	– 50,962	20,855	– 20,855
CZK	40,396	– 30,432	38,422	– 38,422
RUB	26,206	– 26,206	18,673	– 18,673
HUF	17,283	– 17,283	15,703	– 15,703
Other	53,026	– 57,559	56,569	– 54,950
Total	**213,802**	**– 234,412**	**198,747**	**– 197,128**
Of which income statement	203,222	– 223,833	186,416	– 184,798
Of which equity	10,580	– 10,580	12,330	– 12,330

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 €6.62 million. A –100 bp reduction in this assumption results in a net effect of €–7.21 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 €2,608 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 €128 million.

Health insurance similar to life technique is now also affected by the period of low interest rates. Since 1 January 2018 only tariffs with the 1.0 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 reduces the average discount rate. A reduction in the capital earnings by 100 bp (based on investment results 2019) would reduce the earnings before taxes by €35.6 million.

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 €565,916 thousand (2018: €601,415 thousand).

Contractual maturities at 31 December 2019
In € thousand

	Liabilities from collateral received for securities lending	Liabilities from loans	Derivative financial instruments	Lease liabilities	Total
2020	0	900	436	8,888	10,224
2021	0	11,104	233	7,757	19,094
2022	0	0	0	7,334	7,334
2023	0	0	0	5,801	5,801
2024	0	0	0	4,452	4,452
> 2025	0	0	1	33,514	33,515

Contractual maturities at 31 December 2018
In € thousand

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

Contractual maturities at 31 December 2019
In € thousand

	Notional amount[1]	Coupon payments	Total
2020		54,063	54,063
2021		54,063	54,063
2022		54,063	54,063
2023	350,000	54,063	404,063
2024	0	30,000	30,000
> 2025	500,000	60,000	560,000

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

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

Concentration risks
UNIQA strives to keep **concentration risks** as low as possible. These could arise, for example, from the transfer of insurance business to individual reinsurance companies to an inappropriate extent. This can have a material influence on UNIQA's result in case of late payment (or non-payment) by an individual reinsurer. UNIQA controls such risks with an internal reinsurance company that is responsible for selecting external reinsurance parties, taking into account strict guidelines for avoiding material concentration risks.

Underwriting risks

The underwriting risks are divided into non-life, life and health insurance.

The underwriting 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 policy specifies 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.

In **life insurance**, the underwriting risk is generally defined as the risk of loss or adverse developments affecting the value of insurance liabilities. It is divided into the following categories: mortality, longevity, disability-morbidity, lapse, expense, revision and catastrophe risk.

The mortality risk depends on possible fluctuations in mortality rates due to an increase in deaths which would have an adverse effect on the expected benefits to pay on risk insurance policies.

Longevity risk refers to the adverse effects of random fluctuations in mortality rates due to a decline in the mortality rate. The insurer is thereby exposed to the risk that the anticipated life expectancy in the calculation of the premium will be exceeded in reality and that the expenditure for pension payments will be higher than planned.

The disability-morbidity risk is caused by possible adverse fluctuations in disability, sickness and morbidity rates compared to what they were at the time the premium was calculated.

The lapse risk arises from the fluctuations in policy cancellation, termination, renewal, capital selection and surrender rates of insurance policies. Overall, it represents the uncertainty regarding customer behaviour.

The expense risk refers to adverse effects due to fluctuations in the administrative costs of insurance and reinsurance contracts.

The revision risk results from fluctuations in the revision rates for annuities due to changes in the legal environment.

The catastrophe risk results from significant uncertainty in relation to pricing and the assumptions made in the creation of provisions for extreme/exceptional events. The most relevant risk in this context is an immediate dramatic increase in mortality rates: in this case, death benefits in the risk portfolio could not be fully financed by the risk premium collected.

In the context of life insurance, the main techniques for risk mitigation are the adjustment of future profit participations or a corresponding premium adjustment as well as additional reinsurance policies, which are carried out in compliance with legal and contractual framework conditions. These measures are crucial for the underlying risk models and contain detailed information and regulations, particularly with regard to profit participation. In practice, profitable new business supports the risk-bearing capacity of the existing portfolio, whereby careful risk selection (e.g. health checks) and cautiously chosen calculation principles for premiums are essential cornerstones when designing products. By including premium adjustment clauses, the potential to reduce risk can be improved, especially in the risk and occupational disability portfolio.

The **health insurance business** is operated primarily in Austria. 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".

The risk categories of the underwriting risk in health insurance by type of life insurance are based on the subdivisions of life insurance already described above, with minor deviations.

Analogous to life insurance, the main techniques for risk mitigation are the adjustment of future profit participations or a corresponding premium adjustment which is carried out in compliance with legal and contractual framework conditions. These measures are crucial for the underlying risk models and contain detailed information and regulations, particularly with regard to profit participation. In practice, classic risk-mitigation techniques are also relevant here.

For health insurance they include:

- Prudent setting of the discount rate at a level that can be earned in the long term;
- Risk selection, i.e. a targeted pre-selection of prospective customers for insurance products, for example through health checks;
- Careful selection of the withdrawal probabilities (death and policy cancellation) in order to obtain sufficient premiums for the expected benefits;
- The consideration of premium adjustment clauses in various health insurance products in order to be able to adjust premiums in line with changes in the calculation principles in case of changes in the expected values.

In addition to these classic risk mitigation techniques, an ongoing process for managing portfolios has been established. This process is carried out annually by determining and evaluating the need for rate adjustments. The effectiveness of the risk mitigation techniques described for the health business is assessed by comparing invoiced and actual benefits as well as by calculating contribution margin calculations.

Operational risk

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

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 ongoing basis, and reports are 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, UNIQA – 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.

Emerging risk
Emerging risk refers to newly arising or changing risks that are difficult to quantify and can have a significant impact on an organisation. Among the main drivers of the changing risk landscape are new economic, technological, socio-political and ecological developments and the increasing interdependencies between them, which may lead to a growing concentration of risk. In addition, a changing business environment – the further development of regulatory rules, the increased expectations of stakeholders and the shift in risk perception – must be taken into account.

Reputational risk
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.

Contagion risk
Group risk management analyses whether the reputation risk observed in the Group or in another unit may occur, and whether the danger of "contagion" within the Group is possible. The analyses performed prevent the risk of infection.

Strategic risk
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 risk
Sustainability risks are not currently classified as a separate risk category but are allocated among the existing categories. Up until now, UNIQA has identified potential sustainability risks with the following topics from the materiality analysis: clear evaluation of damage and rapid assistance, process for handling data and new technologies, customer information and financing, complaints management, avoidance of critical investment, employee satisfaction as well as ethics and compliance. UNIQA's risk identification process is subject to continuous development and will also ascertain in the future whether an identified risk is relevant from a sustainability point of view. According to the definition used by UNIQA this is the case if a risk exists in relation to ecological and/or social aspects of the sustainability topics.

45. Reinsurance

The Group Management Board determines, directly and indirectly, the strategic contents of reinsurance policy with its decisions regarding risk and capital policy. The structure of the purchasing of external reinsurance is linked to the risk management process, thus enabling the risk capital to be relieved.

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. 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. UNIQA Re AG is available to all Group companies as the risk carrier for their reinsurance needs.

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 the units in question and their reinsurance programmes are structured in a targeted manner.

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 an 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 assumes reasonable deductibles in the retrocession 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, 20 March 2020

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, 20 March 2020

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 2019, the consolidated income statement from 1 January until 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the 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 at 31 December 2019 and of the Group's earnings position and cash flows for the financial year ending on this reporting date, in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the EU and the additional requirements of Section 245a of the Austrian Commercial Code and the supplementary provisions of Section 138(8) of the Austrian Insurance Supervision Act.

Basis for the audit opinion

We have conducted an audit of these financial statements in accordance with Regulation (EU) No. 537/2014 (hereafter the EU Regulation) and following the Austrian principles of proper auditing of financial statements. These principles require the application of the international audit standards (International Standards on Auditing, ISAs). Our responsibilities according to these regulations and standards are outlined in detail in the section of our audit opinion entitled "Responsibilities of the auditor 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 €9,807,418 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 (€659,355 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 key controls,

- 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 believe the assumptions and parameters on which the measurement is based are transparent and justifiable.

▪ 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 €217,826 thousand mainly comprise software. As part of the investment programme launched in the 2016 financial year, significant sums are being invested in renewing the group-wide IT systems. Since 2017, the company has been switching individual elements of the system into an operational phase. Completion of the investment programme is planned for the 2029 financial year.

– The recognition and measurement of other intangible assets related to the IT systems require discretionary decisions and assumptions with regard to said recognition and measurement, as well as 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,
- 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 IFRSs. We believe the assumptions and measurement parameters to be transparent and justifiable.

▪ 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, contains appropriate disclosures in accordance with Section 243a of the Austrian Commercial Code, 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 to us 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 28 May 2018. We were appointed by the Supervisory Board on 13 November 2018. 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, 20 March 2020

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 2015–2019

Consolidated key figures – 5-year comparison In € million	**2019**	**2018**	**2017**	**2016**	**2015**
Premiums written, including savings portions from unit-linked and index-linked life insurance	**5,373**	**5,309**	**5,293**	**5,048**	**5,211**
of which property and casualty insurance	2,847	2,774	2,640	2,518	2,439
of which health insurance	1,131	1,086	1,042	1,004	964
of which life insurance	1,395	1,449	1,612	1,526	1,807
Insurance benefits (net)	**–3,657**	**–3,634**	**–3,547**	**–3,386**	**–3,671**
of which property and casualty insurance	–1,719	–1,690	–1,645	–1,551	–1,554
of which health insurance	–960	–908	–878	–844	–782
of which life insurance	–977	–1,036	–1,025	–991	–1,336
Operating expenses (net)	**–1,407**	**–1,315**	**–1,276**	**–1,286**	**–1,190**
of which property and casualty insurance	–861	–811	–788	–763	–700
of which health insurance	–188	–184	–168	–175	–154
of which life insurance	–358	–320	–320	–348	–337
Combined ratio after reinsurance (in per cent)	**96.4%**	**96.8%**	**97.5%**	**98.1%**	**97.9%**
Claims rate (in per cent)	64.2%	65.4%	65.9%	65.7%	67.5%
Cost ratio (in per cent)	32.2%	31.4%	31.6%	32.4%	30.4%
Net investment income	**585**	**585**	**572**	**589**	**732**
Earnings before taxes	**296**	**295**	**265**	**226**	**398**
of which property and casualty insurance	116	120	95	58	71
of which health insurance	95	96	110	96	171
of which life insurance	85	78	60	72	155
Consolidated profit/(loss)	**232**	**243**	**172**	**148**	**337**
Earnings per share (in €)	**0.76**	**0.79**	**0.56**	**0.48**	**1.09**
Dividend per share (in €)	**n/a**[1)]	**0.53**	**0.51**	**0.49**	**0.47**
Equity (portion attributable to shareholders of UNIQA Insurance Group AG)	**3,401**	**2,972**	**3,158**	**3,186**	**3,145**
Total assets	**28,728**	**28,504**	**28,744**	**33,639**	**33,298**
Operating return on equity (in per cent)	**10.6%**	**10.5%**	**10.2%**	**10.0%**	**17.2%**
Solvency capital requirement – SCR ratio (in per cent)	**216%**	**248%**	**250%**	**202%**	**195%**

1) The Supervisory Board reserves the right to review and/or approve the proposal for the appropriation of profit submitted by the Management Board due to the COVID-19 crisis until further notice.

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.

Imprint

Owner and publisher
UNIQA Insurance Group AG
Commercial registry no.: 92933t

Concept, advice, editorial work and design
be.public Corporate & Financial Communications GmbH / www.bepublic.at
Rosebud, Inc. / www.rosebud-inc.com
Translation and linguistic consulting
ASI GmbH / www.asint.at
Photography and image editing
Kurt Keinrath
Paper
Cover: Munken Polar, 240 g/m²
Interior: Munken Polar, 100 g/m²
Printed by
Gerin Druck GmbH
Editorial deadline
15 April 2020

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Information
UNIQA's Group Report is published in German and English and can be downloaded as a PDF file from the Investor Relations area on our Group website. The interactive online version is also available at reports.uniqagroup.com.

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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