

Financial Report

Group Management Report

Economic environment

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

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

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

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

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

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

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

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

Property and casualty insurance as a driver for growth in Austria

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

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

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

Insurance markets in Central and Eastern Europe on course for convergence

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

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

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

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

UNIQA Group

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

UNIQA in Europe

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

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

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

Property and casualty insurance

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

Health insurance

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

Life insurance

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

Reorganisation of the UNIQA Österreich Versicherungen AG Management Board

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

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

STRABAG SE syndicate extended

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

Rating

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

Companies included in the IFRS consolidated financial statements

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

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

Risk reporting

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

Corporate Governance Report

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

Consolidated non-financial statement, consolidated non-financial report

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

Group business development

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

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

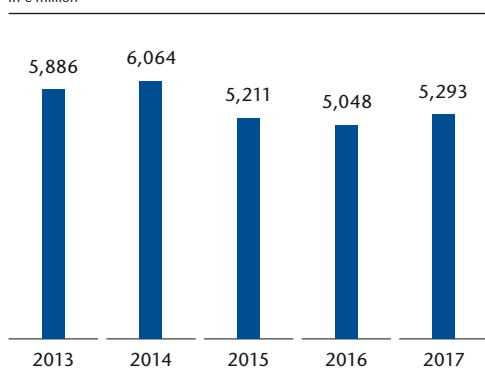
In the area of insurance policies with recurring premium payments, there was a rise of 3.3 per cent to €5,039.3 million (2016: €4,879.0 million). In the single premium business, the premium volume increased by 50.1 per cent to €254.0 million (2016: €169.2 million) due to strong growth in the single premium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

Changes in premiums

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

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

In € million



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

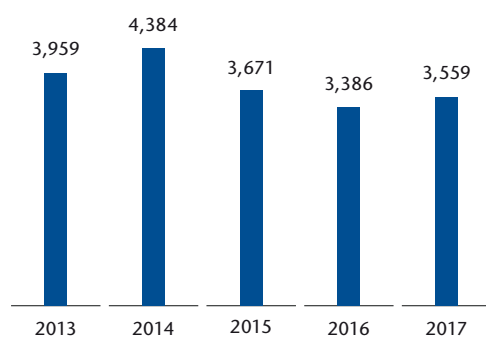
The Group premiums earned, including savings portions from unit-linked and index-linked life insurance (after reinsurance) in the amount of €476.2 million (2016: €384.7 million), rose by 5.7 per cent to €5,104.1 million (2016: €4,827.7 million). The volume of premiums earned (net, in accordance with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

Changes in insurance benefits

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

Insurance benefits (net)

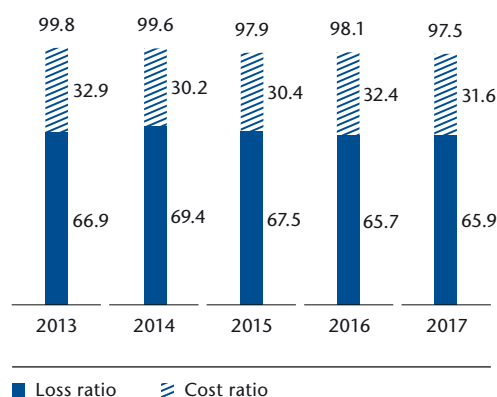
In € million



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

Combined ratio after reinsurance

In per cent



Operating expenses

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

Property and casualty insurance

In € million

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

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

Health insurance

In € million

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

Investments

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

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

Other income and other expenses

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

Results

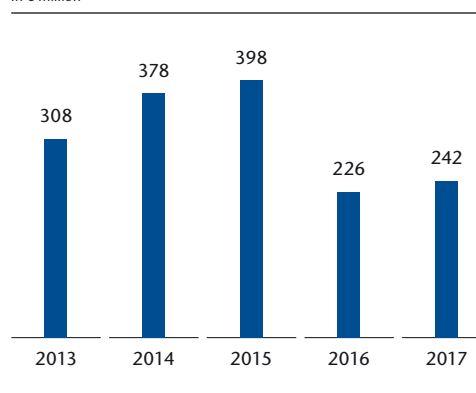
The technical result of the UNIQA Group rose significantly by 43.8 per cent to €106.2 million in 2017 (2016: €73.9 million). Operating profit fell slightly by 5.8 per cent to €300.2 million (2016: €318.8 million).

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

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

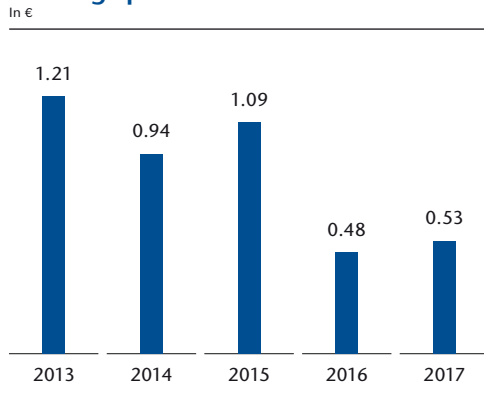
Earnings before taxes

In € million



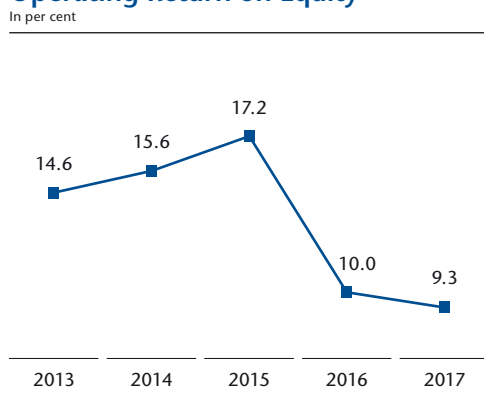
The consolidated profit/(loss), i.e. the proportion of the profit/(loss) for the period attributable to the shareholders of UNIQA Insurance Group AG, amounted to €161.4 million (2016: €148.1 million). The earnings per share rose as a result to €0.53 (2016: €0.48).

Earnings per share



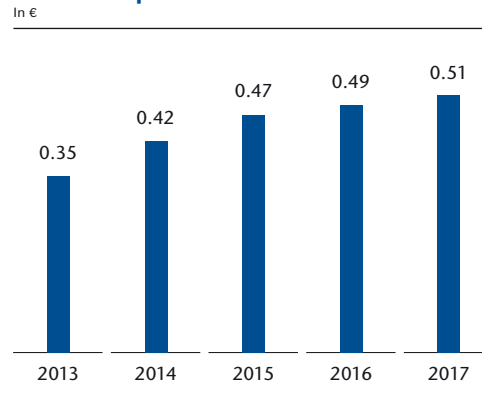
Operating return on equity (earnings before taxes and amortisation of goodwill and impairment losses in relation to average equity, including non-controlling interests and excluding the accumulated profits of the valuation of financial instruments available for sale) came to 9.3 per cent in 2017 (2016: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

Operating Return on Equity



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

Dividend per share



Own funds and total assets

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

Life insurance

In € million

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

Cash flow

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

Employees

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

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

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

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

Operating segments

UNIQA Austria

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

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

Changes in premiums

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

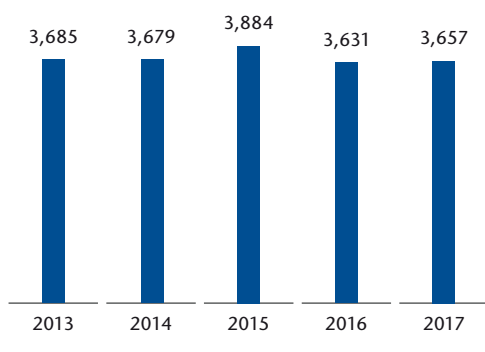
Premiums earned including savings portions from unit-linked and index-linked life insurance amounted to €2,991.3 million (2016: €2,941.4 million) at UNIQA Austria. The volume of premiums earned (net, in accordance with IFRSs) rose by 1.8 per cent to €2,764.9 million in 2017 (2016: €2,715.8 million).

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

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

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

In € million



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

Changes in insurance benefits

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

Operating expenses

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

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

Net investment income

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

Health insurance

In € million

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

Life insurance

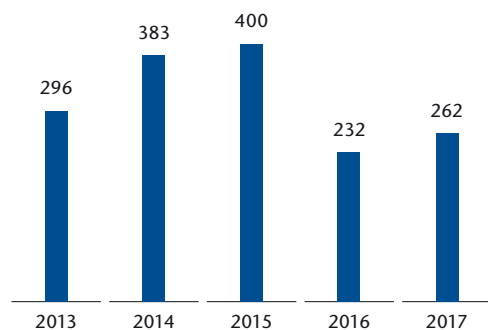
In € million	2017	2016	2015
Premiums written including savings portions from unit-linked and index-linked life insurance	1,055.2	1,106.5	1,421.2
Insurance benefits (net)	-825.4	-822.3	-1,145.8
Operating expenses (net)	-177.9	-212.2	-203.6
Cost ratio (after reinsurance)	17.6%	20.3%	14.9%
Net investment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

Earnings before taxes

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

Earnings before taxes**UNIQA Austria**

In € million



UNIQA International

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

UNIQA International

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

Changes in premiums

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

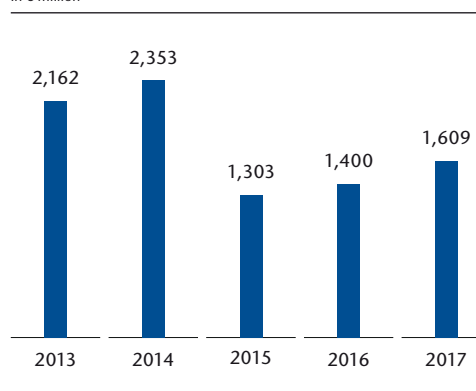
Including savings portions from unit-linked and index-linked life insurance, UNIQA International's volume of premiums earned amounted to €1,139.9 million (2016: €963.0 million). The volume of premiums earned (net, in accordance with IFRSs) increased in 2017 by 10.7 per cent to €890.0 million (2016: €803.9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

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

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

UNIQA International

In € million



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

Property and casualty insurance

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

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

Changes in insurance benefits

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

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

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

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

Operating expenses

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

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

Health insurance

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

Life insurance

In € million

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

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

Net investment income

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

Earnings before taxes

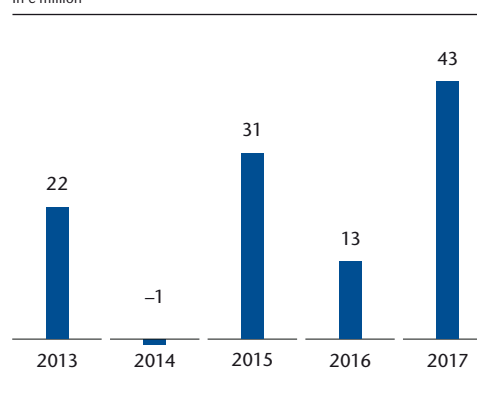
Earnings before taxes in the UNIQA International segment rose significantly in the reporting year to €42.8 million (2016: €13.1 million) on account of the improved technical result. Earnings before taxes in property and casualty insurance im-

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

Earnings before taxes

UNIQA International

In € million



Reinsurance

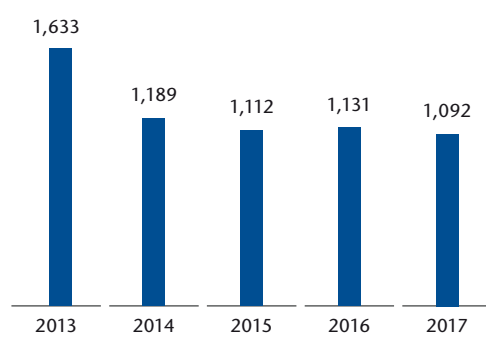
Reinsurance In € million	2017	2016	2015
Premiums written	1,091.6	1,130.8	1,112.1
Insurance benefits (net)	-692.5	-694.7	-720.1
Operating expenses (net)	-320.2	-330.5	-315.7
Cost ratio (after reinsurance)	31.9%	32.3%	31.1%
Earnings before taxes	5.5	18.1	-2.1
Technical provisions (net)	1,458.2	1,461.6	1,432.6

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

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

Reinsurance

In € million



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

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

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

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

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

Group functions

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

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

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

Consolidation

Consolidation

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

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

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

Significant events after the reporting date

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

Outlook

Economic outlook

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

Outlook for the insurance industry

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

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

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

Group outlook

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

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

Changes in premiums and income position

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

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

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

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

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

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

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

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

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

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

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

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

Objectives:

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

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

Organisational structure and control environment

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

Identification and control of risks

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

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

Information and communication

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

Measures to ensure effectiveness

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

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

Reporting to the Supervisory Board/Audit Committee

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

Proposed appropriation of profit

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

Vienna, 9 March 2018



Andreas Brandstetter
Chairman of the Management Board



Erik Leyers
Member of the Management Board



Kurt Svoboda
Member of the Management Board