

# Notes to the Consolidated Financial Statements

## Investments

### 1. Investment property

Land and buildings, including buildings on third-party land, held as long-term investments to generate rent revenue and/or for the purpose of capital appreciation are measured in accordance with the cost model. The investment property held as financial investments is subject to straight line depreciation over the useful life of 5 to 80 years and is recognised under the item “Net investment income”.

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

### Acquisition costs

In € thousand

<b>At 1 January 2017</b>	<b>2,014,772</b>
Currency translation	-2,579
Change in basis of consolidation	-2
Additions	14,925
Disposals	-105,061
Reclassifications	-127,440
<b>At 31 December 2017</b>	<b>1,794,615</b>
<b>At 1 January 2018</b>	<b>1,794,615</b>
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
<b>At 31 December 2018</b>	<b>1,615,436</b>

### Accumulated depreciation and impairment losses

In € thousand

<b>At 1 January 2017</b>	<b>-664,776</b>
Currency translation	1,474
Additions from depreciation	-45,665
Additions from impairment	-13,029
Disposals	85,354
Reclassifications	74,637
Reversal of impairment	1,287
<b>At 31 December 2017</b>	<b>-560,719</b>
<b>At 1 January 2018</b>	<b>-560,719</b>
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
<b>At 31 December 2018</b>	<b>-511,289</b>

### Carrying amounts

In € thousand

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

**Fair values**

In € thousand

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

**2. Financial assets accounted for using the equity method**

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

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

**Reconciliation of summarised financial information**

In € thousand	STRABAG SE		Associated companies not material on a stand-alone basis	
	2018 <sup>1) 2)</sup>	2017 <sup>2)</sup>	2018	2017
<b>Net assets at 1 January</b>	<b>3,333,379</b>	<b>3,113,049</b>	<b>135,004</b>	<b>118,463</b>
Change in basis of consolidation	0	0	0	0
Dividends	-133,380	-97,470	-910	-866
Profit/(loss) after taxes	336,513	277,652	22,210	17,761
Other comprehensive income	5,903	40,148	-5,138	-354
<b>Net assets at 31 December</b>	<b>3,542,415</b>	<b>3,333,379</b>	<b>151,166</b>	<b>135,004</b>
Shares in associated companies	14.26%	14.26%	Various investment amounts	
<b>Carrying amount</b>	<b>541,460</b>	<b>509,509</b>	<b>57,638</b>	<b>51,440</b>

<sup>1)</sup> Estimate for 31 Dec. 2018 based on the interim report as at 30 Sept. 2018 on STRABAG SE available as at the reporting date

<sup>2)</sup> The carrying amounts are calculated based on the shares in circulation. 2018: 15.29%, 2017: 15.29%

At 31 December 2018, UNIQA held 14.3 per cent of STRABAG SE's share capital (31 December 2017: 14.3 per cent). UNIQA treats STRABAG SE as an associate due to contractual arrangements. As part of the accounting using the equity method, an assessment of the stake in STRABAG SE was made, based on the interim financial statements at 30 September 2018, for the period up until 31 December 2018. At 31 December 2018, the fair value amounts to €402,255 thousand (2017: €533,674 thousand).

**Summarised statement of comprehensive income**

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

## Summarised statement of financial position

STRABAG SE<sup>1)</sup>

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

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

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

The financial statements of the associates most recently published have been used for the purposes of the accounting using the equity method, and have been adjusted based on any essential transactions between the relevant reporting date and 31 December 2018.

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

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

### 3. Other investments

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

#### Classification

UNIQA classifies non-derivative financial assets to the following categories: financial assets at fair value through

profit or loss, loans and receivables, and financial assets available for sale.

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

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

#### Recognition and derecognition

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

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

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

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

#### Measurement

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

#### Financial assets at fair value through profit or loss

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

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

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

**Available-for-sale financial assets**

Available-for-sale financial assets are initially measured at fair value plus directly attributable transaction costs. Subsequently, available-for-sale financial assets are measured at fair value. Corresponding value changes are, with the exception of impairment and foreign exchange differences in the case of available-for-sale debt securities, recognised in the accumulated profits in equity. When an asset is derecognised, the accumulated other comprehensive income is reclassified to profit/(loss) for the period.

**Loans and receivables**

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

**Non-derivative financial liabilities**

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

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

**At 31 December 2018**

In € thousand

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

**At 31 December 2017 (adjusted)**

In € thousand

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

**Impairments****Non-derivative financial assets**

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

Objective indications that financial assets are impaired are:

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

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

**Financial assets measured at amortised cost**

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

**Available-for-sale financial assets**

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

**Determination of fair value**

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

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

As far as possible, UNIQA uses data that are observable on the market when determining the fair value of an asset or a liability. Based on the inputs used in the valuation

techniques, the fair values are assigned to different levels in the fair value hierarchy.

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. At UNIQA, these primarily involve quoted shares, quoted bonds and quoted investment funds.
- Level 2: valuation parameters that are not quoted prices included in Level 1 but which can be observed for the asset or liability either directly (i.e. as a price) or indirectly (i.e. derived from prices), or are based on prices on markets that have been classified as inactive. The parameters that can be observed here include, for example, exchange rates, yield curves and volatilities. At UNIQA, these include in particular quoted bonds that do not fulfil the conditions under Level 1, along with structured products.
- Level 3: valuation parameters for assets or liabilities that are not based or are only partly based on observable market data. The valuations here primarily involve application of the discounted cash flow method, comparative procedures with instruments for which there are observable prices and other procedures. As there are no observable parameters here in many cases, the estimates used can have a significant impact on the result of the valuation. At UNIQA, it is primarily other equity investments, private equity and hedge funds, ABS and structured products that do not fulfil the conditions under Level 2 that are assigned to Level 3.

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

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

The valuation processes and methods are as follows:

**Financial instruments measured at fair value**

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

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

**Non-financial assets and loans**

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

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

**Financial liabilities**

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

## Valuation techniques and inputs in the determination of fair values

Assets	Price method	Input factors	Price model
<b>Fixed-income securities</b>			
Listed bonds	Listed price	-	-
Unlisted bonds	Theoretical price	CDS spread, yield curves	Present value method
Unquoted asset backed securities	Theoretical price	-	Discounted cash flow, single deal review, peer
Infrastructure financing	Theoretical price	-	Discounted cash flow
<b>Variable-income securities</b>			
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
<b>Derivative financial instruments</b>			
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
<b>Investments under investment contracts</b>			
Listed shares/investment funds	Listed price	-	-
Unlisted investment funds	Theoretical price	CDS spread, yield curves	Present value method

**Valuation hierarchy**

**Assets and liabilities measured at fair value**

	Level 1		Level 2		Level 3		Total	
In € thousand	31/12/2018	31/12/2017 adjusted	31/12/2018	31/12/2017 adjusted	31/12/2018	31/12/2017 adjusted	31/12/2018	31/12/2017 adjusted
<b>Available-for-sale financial assets</b>								
Variable-income securities	695,196	727,791	1,135	125	144,526	128,173	840,857	856,090
Fixed-income securities	12,567,999	13,287,001	2,633,039	2,553,636	501,453	308,578	15,702,491	16,149,214
<b>Total</b>	<b>13,263,195</b>	<b>14,014,792</b>	<b>2,634,175</b>	<b>2,553,761</b>	<b>645,979</b>	<b>436,751</b>	<b>16,543,348</b>	<b>17,005,304</b>
<b>Financial assets at fair value through profit or loss</b>								
Variable-income securities	0	0	14,445	17,684	10,094	11,732	24,538	29,415
Fixed-income securities	197,100	175,635	48,235	78,774	62,694	61,560	308,029	315,968
Derivative financial instruments	12	20	5,205	84,249	15,587	80,767	20,804	165,037
Investments under investment contracts	49,008	56,630	932	971	6,456	2,818	56,395	60,419
<b>Total</b>	<b>246,120</b>	<b>232,285</b>	<b>68,816</b>	<b>181,678</b>	<b>94,830</b>	<b>156,876</b>	<b>409,767</b>	<b>570,840</b>

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

**Fair values of assets and liabilities measured at amortised cost**

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

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

### Transfers between levels 1 and 2

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

### Level 3 financial instruments

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

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

### Sensitivities

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

### Transfer of financial assets

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

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

### Carrying amounts for loans and other investments

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

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

**Impairment of loans**

In € thousand

31/12/2018 31/12/2017

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

**Contractual maturities for fair values of loans**

In € thousand

31/12/2018 31/12/2017 adjusted

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

**4. Net investment income**

**Classified by business line**

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

## Classified by type of income

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

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

## Details of net investment income

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

## Net profit/(loss) by measurement category

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

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

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

## Technical items

Insurance and reinsurance contracts along with investment contracts with a discretionary participation feature fall within the scope of IFRS 4 – Insurance Contracts. In accordance with IAS 8, the provisions of US Generally Accepted Accounting Principles (US GAAP) in the version applicable on 1 January 2005 were applied to all cases for which IFRS 4 contains no specific regulations on assessment and measurement. For balancing the accounts and evaluation of the insurance-specific entries of life insurance with profit participation, FAS 120 was observed; FAS 60 was applied for specific items in health, property and casualty insurance and FAS 113 for reinsurance. Unit-linked life insurance, where the policyholder bears the entire investment risk, was accounted for in accordance with FAS 97.

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

### Insurance and investment contracts

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

### Reinsurance contracts

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

## 5. Technical provisions

### Unearned premiums

For short-term insurance contracts, such as most property and casualty insurance policies, premiums relating to future years are reported as unearned premiums in line with the applicable regulations of US GAAP. The amount of these unearned premiums corresponds to the insurance cover granted proportionally in future periods. Premiums levied upon entering into certain long-term contracts (e.g. upfront fees) are recognised as unearned premiums. In line with the applicable regulations of US GAAP, these fees

are recorded in the same manner as the redemption of deferred acquisition costs. These unearned premiums are in principle calculated for each individual policy and exactly to the day. If they are attributable to life insurance, they are included in insurance provision.

### Insurance provisions

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

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

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

### Provisions for unsettled claims

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

The provision in property and casualty insurance is determined based on a best estimate. Standard actuarial methods are used to calculate the claim reserves with the parameters for these based on historical data. The

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

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

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

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

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

### **Provisions for premium refunds and profit participation**

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

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

### **Other technical provisions**

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

### **Liability Adequacy Test**

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

Because UNIQA already uses the best estimate approach for calculating loss reserves in non-life, only unearned premiums are tested. Business lines that feature a surplus in the annual calculation of less than 10 per cent from future premiums less claims and costs expected in future are reviewed each quarter. In non-life insurance, the business lines tested are motor vehicle liability insurance, general liability insurance and other.

**Gross**  
In € thousand

	Unearned premiums	Insurance provision	Provision for unsettled claims	Provision for non-profit related premium refunds	Provision for profit-related premium refunds and/or policyholder profit participation	Other technical provisions	Total
<b>Property and casualty insurance</b>							
<b>At 1 January 2018</b>	<b>563,515</b>	<b>12,550</b>	<b>2,492,366</b>	<b>28,242</b>	<b>1,771</b>	<b>14,308</b>	<b>3,112,751</b>
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
<b>At 31 December 2018</b>	<b>592,185</b>	<b>12,301</b>	<b>2,599,264</b>	<b>29,251</b>	<b>1,319</b>	<b>11,843</b>	<b>3,246,163</b>
<b>Health insurance</b>							
<b>At 1 January 2018</b>	<b>10,727</b>	<b>2,799,040</b>	<b>165,494</b>	<b>11,580</b>	<b>51,545</b>	<b>657</b>	<b>3,039,042</b>
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
<b>At 31 December 2018</b>	<b>12,894</b>	<b>2,932,119</b>	<b>183,216</b>	<b>13,082</b>	<b>50,894</b>	<b>715</b>	<b>3,192,921</b>
<b>Life insurance</b>							
<b>At 1 January 2018</b>		<b>10,207,610</b>	<b>169,477</b>	<b>4,829</b>	<b>843,708</b>	<b>4,655</b>	<b>11,230,279</b>
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
<b>At 31 December 2018</b>		<b>9,979,484</b>	<b>199,684</b>	<b>4,931</b>	<b>707,819</b>	<b>5,357</b>	<b>10,897,274</b>
<b>Total</b>							
<b>At 1 January 2018</b>	<b>574,242</b>	<b>13,019,200</b>	<b>2,827,337</b>	<b>44,650</b>	<b>897,024</b>	<b>19,620</b>	<b>17,382,072</b>
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
<b>At 31 December 2018</b>	<b>605,079</b>	<b>12,923,904</b>	<b>2,982,164</b>	<b>47,264</b>	<b>760,032</b>	<b>17,915</b>	<b>17,336,358</b>

## 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
<b>Property and casualty insurance</b>							
<b>At 1 January 2018</b>	<b>25,903</b>	<b>12</b>	<b>145,312</b>			<b>1,791</b>	<b>173,019</b>
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
<b>At 31 December 2018</b>	<b>27,557</b>	<b>22</b>	<b>245,429</b>			<b>2,600</b>	<b>275,608</b>
<b>Health insurance</b>							
<b>At 1 January 2018</b>	<b>200</b>	<b>1,159</b>	<b>31</b>				<b>1,391</b>
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
<b>At 31 December 2018</b>	<b>624</b>	<b>566</b>	<b>863</b>			<b>4</b>	<b>2,057</b>
<b>Life insurance</b>							
<b>At 1 January 2018</b>		<b>136,223</b>	<b>5,477</b>			<b>17</b>	<b>141,716</b>
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
<b>At 31 December 2018</b>		<b>130,590</b>	<b>5,089</b>			<b>17</b>	<b>135,696</b>
<b>Total</b>							
<b>At 1 January 2018</b>	<b>26,103</b>	<b>137,394</b>	<b>150,820</b>			<b>1,808</b>	<b>316,126</b>
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
<b>At 31 December 2018</b>	<b>28,181</b>	<b>131,178</b>	<b>251,381</b>			<b>2,621</b>	<b>413,361</b>

**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
<b>Property and casualty insurance</b>							
<b>At 1 January 2018</b>	<b>537,612</b>	<b>12,538</b>	<b>2,347,053</b>	<b>28,242</b>	<b>1,771</b>	<b>12,516</b>	<b>2,939,732</b>
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
<b>At 31 December 2018</b>	<b>564,628</b>	<b>12,279</b>	<b>2,353,835</b>	<b>29,251</b>	<b>1,319</b>	<b>9,243</b>	<b>2,970,555</b>
<b>Health insurance</b>							
<b>At 1 January 2018</b>	<b>10,526</b>	<b>2,797,881</b>	<b>165,463</b>	<b>11,580</b>	<b>51,545</b>	<b>657</b>	<b>3,037,651</b>
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
<b>At 31 December 2018</b>	<b>12,270</b>	<b>2,931,554</b>	<b>182,353</b>	<b>13,082</b>	<b>50,894</b>	<b>711</b>	<b>3,190,864</b>
<b>Life insurance</b>							
<b>At 1 January 2018</b>		<b>10,071,387</b>	<b>164,000</b>	<b>4,829</b>	<b>843,708</b>	<b>4,638</b>	<b>11,088,563</b>
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
<b>At 31 December 2018</b>		<b>9,848,894</b>	<b>194,595</b>	<b>4,931</b>	<b>707,819</b>	<b>5,340</b>	<b>10,761,578</b>
<b>Total</b>							
<b>At 1 January 2018</b>	<b>548,138</b>	<b>12,881,806</b>	<b>2,676,517</b>	<b>44,650</b>	<b>897,024</b>	<b>17,812</b>	<b>17,065,946</b>
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
<b>At 31 December 2018</b>	<b>576,898</b>	<b>12,792,727</b>	<b>2,730,783</b>	<b>47,264</b>	<b>760,032</b>	<b>15,294</b>	<b>16,922,997</b>

**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
<b>Property and casualty insurance</b>							
<b>At 1 January 2017</b>	<b>541,701</b>	<b>12,273</b>	<b>2,287,500</b>	<b>26,815</b>	<b>1,399</b>	<b>15,096</b>	<b>2,884,784</b>
Foreign exchange differences	7,773	9	16,375	-2	46	366	24,566
Portfolio changes	12,508	-17	116,717				129,208
Additions		376		1,617	327	1,169	3,488
Disposals		-91		-188		-2,323	-2,603
Premiums written	2,639,699						2,639,699
Premiums earned	-2,638,167						-2,638,167
Claims reporting year			1,651,428				1,651,428
Claims payments reporting year			-840,646				-840,646
Change in claims previous years			-76,821				-76,821
Claims payments previous years			-662,186				-662,186
<b>At 31 December 2017</b>	<b>563,515</b>	<b>12,550</b>	<b>2,492,366</b>	<b>28,242</b>	<b>1,771</b>	<b>14,308</b>	<b>3,112,751</b>
<b>Health insurance</b>							
<b>At 1 January 2017</b>	<b>7,780</b>	<b>2,660,066</b>	<b>158,203</b>	<b>10,684</b>	<b>44,621</b>	<b>561</b>	<b>2,881,916</b>
Foreign exchange differences	-52	170	-489	-1	0	8	-363
Portfolio changes	16	3,582	1,265				4,863
Additions		135,247		9,797	26,404	102	171,549
Disposals		-26		-8,900	-19,480	-14	-28,420
Premiums written	1,041,964						1,041,964
Premiums earned	-1,038,981						-1,038,981
Claims reporting year			648,054				648,054
Claims payments reporting year			-551,643				-551,643
Change in claims previous years			52,083				52,083
Claims payments previous years			-141,980				-141,980
<b>At 31 December 2017</b>	<b>10,727</b>	<b>2,799,040</b>	<b>165,494</b>	<b>11,580</b>	<b>51,545</b>	<b>657</b>	<b>3,039,042</b>
<b>Life insurance</b>							
<b>At 1 January 2017 adjusted</b>		<b>10,774,952</b>	<b>139,844</b>	<b>3,923</b>	<b>953,228</b>	<b>4,795</b>	<b>11,876,742</b>
Foreign exchange differences		-1,798	298	-1	368	0	-1,132
Portfolio changes		22,454	-103		-7,109		15,242
Additions		160,605		907	5,353	1,002	167,867
Disposals		-748,603			-108,132	-1,142	-857,877
Claims reporting year			1,608,701				1,608,701
Claims payments reporting year			-1,455,481				-1,455,481
Change in claims previous years			32,473				32,473
Claims payments previous years			-156,255				-156,255
<b>At 31 December 2017 adjusted</b>		<b>10,207,610</b>	<b>169,477</b>	<b>4,829</b>	<b>843,708</b>	<b>4,655</b>	<b>11,230,279</b>
<b>Total</b>							
<b>At 1 January 2017 adjusted</b>	<b>549,482</b>	<b>13,447,291</b>	<b>2,585,547</b>	<b>41,422</b>	<b>999,247</b>	<b>20,452</b>	<b>17,643,442</b>
Foreign exchange differences	7,721	-1,619	16,184	-3	415	374	23,071
Portfolio changes	12,524	26,019	117,879		-7,109		149,314
Additions		296,228		12,320	32,083	2,273	342,904
Disposals		-748,720		-9,089	-127,612	-3,479	-888,900
Premiums written	3,681,663						3,681,663
Premiums earned	-3,677,148						-3,677,148
Claims reporting year			3,908,183				3,908,183
Claims payments reporting year			-2,847,770				-2,847,770
Change in claims previous years			7,735				7,735
Claims payments previous years			-960,422				-960,422
<b>At 31 December 2017 adjusted</b>	<b>574,242</b>	<b>13,019,200</b>	<b>2,827,337</b>	<b>44,650</b>	<b>897,024</b>	<b>19,620</b>	<b>17,382,072</b>

**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
<b>Property and casualty insurance</b>							
<b>At 1 January 2017</b>	<b>23,021</b>	<b>13</b>	<b>151,227</b>			<b>2,158</b>	<b>176,419</b>
Foreign exchange differences	588	0	505			-2	1,092
Portfolio changes	657		1,034				1,691
Disposals		-1				-366	-366
Premiums written	143,175						143,175
Premiums earned	-141,538						-141,538
Claims reporting year			30,932				30,932
Claims payments reporting year			-14,339				-14,339
Change in claims previous years			2,169				2,169
Claims payments previous years			-26,215				-26,215
<b>At 31 December 2017</b>	<b>25,903</b>	<b>12</b>	<b>145,312</b>			<b>1,791</b>	<b>173,019</b>
<b>Health insurance</b>							
<b>At 1 January 2017</b>	<b>281</b>	<b>995</b>	<b>582</b>				<b>1,857</b>
Foreign exchange differences	9	-21	0				-12
Portfolio changes	9						9
Additions		262					262
Disposals		-76					-76
Premiums written	1,116						1,116
Premiums earned	-1,214						-1,214
Claims reporting year			920				920
Claims payments reporting year			-893				-893
Change in claims previous years			1,019				1,019
Claims payments previous years			-1,598				-1,598
<b>At 31 December 2017</b>	<b>200</b>	<b>1,159</b>	<b>31</b>				<b>1,391</b>
<b>Life insurance</b>							
<b>At 1 January 2017</b>		<b>141,556</b>	<b>4,789</b>			<b>-178</b>	<b>146,166</b>
Foreign exchange differences		-38	22			0	-16
Portfolio changes		-2,313					-2,313
Additions		252				195	447
Disposals		-3,234					-3,234
Claims reporting year			23,226				23,226
Claims payments reporting year			-20,930				-20,930
Change in claims previous years			2,457				2,457
Claims payments previous years			-4,088				-4,088
<b>At 31 December 2017</b>		<b>136,223</b>	<b>5,477</b>			<b>17</b>	<b>141,716</b>
<b>Total</b>							
<b>At 1 January 2017</b>	<b>23,302</b>	<b>142,564</b>	<b>156,598</b>			<b>1,980</b>	<b>324,443</b>
Foreign exchange differences	597	-59	528			-2	1,064
Portfolio changes	666	-2,313	1,034				-614
Additions		514				195	709
Disposals		-3,311				-366	-3,676
Premiums written	144,291						144,291
Premiums earned	-142,752						-142,752
Claims reporting year			55,078				55,078
Claims payments reporting year			-36,162				-36,162
Change in claims previous years			5,644				5,644
Claims payments previous years			-31,901				-31,901
<b>At 31 December 2017</b>	<b>26,103</b>	<b>137,394</b>	<b>150,820</b>			<b>1,808</b>	<b>316,126</b>

**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
<b>Property and casualty insurance</b>							
<b>At 1 January 2017</b>	<b>518,681</b>	<b>12,260</b>	<b>2,136,273</b>	<b>26,815</b>	<b>1,399</b>	<b>12,937</b>	<b>2,708,365</b>
Foreign exchange differences	7,184	9	15,869	-2	46	368	23,475
Portfolio changes	11,851	-17	115,683				127,517
Additions		376		1,617	327	1,169	3,488
Disposals		-91		-188		-1,958	-2,237
Premiums written	2,496,524						2,496,524
Premiums earned	-2,496,629						-2,496,629
Claims reporting year			1,620,496				1,620,496
Claims payments reporting year			-826,307				-826,307
Change in claims previous years			-78,990				-78,990
Claims payments previous years			-635,971				-635,971
<b>At 31 December 2017</b>	<b>537,612</b>	<b>12,538</b>	<b>2,347,053</b>	<b>28,242</b>	<b>1,771</b>	<b>12,516</b>	<b>2,939,732</b>
<b>Health insurance</b>							
<b>At 1 January 2017</b>	<b>7,499</b>	<b>2,659,072</b>	<b>157,622</b>	<b>10,684</b>	<b>44,621</b>	<b>561</b>	<b>2,880,058</b>
Foreign exchange differences	-61	191	-489	-1	0	8	-351
Portfolio changes	7	3,582	1,265				4,855
Additions		134,985		9,797	26,404	102	171,288
Disposals		50		-8,900	-19,480	-14	-28,344
Premiums written	1,040,848						1,040,848
Premiums earned	-1,037,767						-1,037,767
Claims reporting year			647,134				647,134
Claims payments reporting year			-550,750				-550,750
Change in claims previous years			51,064				51,064
Claims payments previous years			-140,382				-140,382
<b>At 31 December 2017</b>	<b>10,526</b>	<b>2,797,881</b>	<b>165,463</b>	<b>11,580</b>	<b>51,545</b>	<b>657</b>	<b>3,037,651</b>
<b>Life insurance</b>							
<b>At 1 January 2017 adjusted</b>		<b>10,633,396</b>	<b>135,055</b>	<b>3,923</b>	<b>953,228</b>	<b>4,974</b>	<b>11,730,576</b>
Foreign exchange differences		-1,760	276	-1	368	0	-1,117
Portfolio changes		24,767	-103		-7,109		17,555
Additions		160,353		907	5,353	807	167,419
Disposals		-745,369			-108,132	-1,142	-854,643
Claims reporting year			1,585,474				1,585,474
Claims payments reporting year			-1,434,551				-1,434,551
Change in claims previous years			30,016				30,016
Claims payments previous years			-152,168				-152,168
<b>At 31 December 2017 adjusted</b>		<b>10,071,387</b>	<b>164,000</b>	<b>4,829</b>	<b>843,708</b>	<b>4,638</b>	<b>11,088,563</b>
<b>Total</b>							
<b>At 1 January 2017 adjusted</b>	<b>526,180</b>	<b>13,304,728</b>	<b>2,428,950</b>	<b>41,422</b>	<b>999,247</b>	<b>18,472</b>	<b>17,318,999</b>
Foreign exchange differences	7,124	-1,560	15,656	-3	415	375	22,007
Portfolio changes	11,858	28,333	116,845		-7,109		149,927
Additions		295,714		12,320	32,083	2,078	342,195
Disposals		-745,409		-9,089	-127,612	-3,113	-885,224
Premiums written	3,537,372						3,537,372
Premiums earned	-3,534,396						-3,534,396
Claims reporting year			3,853,104				3,853,104
Claims payments reporting year			-2,811,608				-2,811,608
Change in claims previous years			2,090				2,090
Claims payments previous years			-928,521				-928,521
<b>At 31 December 2017 adjusted</b>	<b>548,138</b>	<b>12,881,806</b>	<b>2,676,517</b>	<b>44,650</b>	<b>897,024</b>	<b>17,812</b>	<b>17,065,946</b>

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

In per cent	Health insurance	Life insurance
<b>2018</b>		
For insurance provision	1.50 – 5.50	0.00 – 4.00
For deferred acquisition costs	1.50 – 5.50	2.39 – 2.59
<b>2017</b>		
For insurance provision	1.50 – 5.50	0.00 – 4.00
For deferred acquisition costs	1.50 – 5.50	2.49 – 2.54

### Development of the provision for deferred profit participation

In € thousand

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

### Claims payments

In € thousand

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Financial year	680,427	751,599	773,996	714,267	778,329	798,573	729,222	734,691	746,846	814,664	844,675	
1 year later	1,020,882	1,130,543	1,138,253	1,068,406	1,142,524	1,174,639	1,106,066	1,106,222	1,118,644	1,233,210		
2 years later	1,108,613	1,228,232	1,229,475	1,177,160	1,255,972	1,285,030	1,204,327	1,202,760	1,231,387			
3 years later	1,152,195	1,286,633	1,276,504	1,225,202	1,308,792	1,334,305	1,251,179	1,251,488				
4 years later	1,178,204	1,311,375	1,300,643	1,251,970	1,339,606	1,362,980	1,278,898					
5 years later	1,197,413	1,327,499	1,318,705	1,266,660	1,358,361	1,380,369						
6 years later	1,208,719	1,341,509	1,329,655	1,278,874	1,372,186							
7 years later	1,219,432	1,350,716	1,338,526	1,289,116								
8 years later	1,228,579	1,358,874	1,346,403									
9 years later	1,233,379	1,366,121										
10 years later	1,238,936											

### Cumulated payments and provision for unsettled claims

In € thousand

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Financial year	1,259,054	1,392,902	1,401,783	1,337,566	1,444,917	1,489,270	1,475,068	1,476,130	1,515,928	1,615,166	1,719,067	
1 year later	1,259,435	1,405,975	1,395,983	1,348,006	1,436,610	1,472,322	1,457,929	1,449,504	1,495,915	1,606,939		
2 years later	1,272,176	1,410,426	1,404,598	1,350,674	1,449,431	1,495,723	1,437,879	1,429,766	1,479,026			
3 years later	1,271,441	1,407,144	1,392,071	1,353,309	1,454,301	1,489,480	1,413,637	1,417,989				
4 years later	1,269,188	1,401,274	1,394,923	1,353,437	1,447,394	1,474,842	1,399,226					
5 years later	1,266,219	1,402,704	1,401,018	1,351,386	1,447,991	1,470,199						
6 years later	1,272,535	1,405,034	1,399,677	1,349,836	1,449,843							
7 years later	1,276,077	1,411,355	1,397,935	1,346,159								
8 years later	1,282,654	1,412,051	1,395,533									
9 years later	1,282,802	1,420,703										
10 years later	1,279,631											
Settlement gains/losses	3,171	-8,652	2,403	3,678	-1,851	4,643	14,412	11,777	16,889	8,227		54,695
Settlement gains/losses before 2008												310
<b>Total settlement gains/losses</b>												<b>55,005</b>
Provision for unsettled claims for accident years before 2008												268,186
Provision for unsettled claims	40,695	54,582	49,129	57,043	77,657	89,830	120,328	166,501	247,638	373,729	874,391	2,151,525
Plus other reserve components (components not in triangle, internal claims regulation costs, etc.)												179,553
<b>Provisions for unsettled claims (gross at 31 December 2018)</b>												<b>2,599,264</b>

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

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

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

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

In € thousand

	31/12/2018	31/12/2017
Gross	4,721,904	5,019,325
Reinsurers’ share	-101	-291,958
<b>Total</b>	<b>4,721,803</b>	<b>4,727,367</b>

## 7. Premiums

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

## Premiums

In € thousand

1–12/2018 1–12/2017

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

## Direct insurance

In € thousand

1–12/2018 1–12/2017

Property and casualty insurance	2,731,141	2,581,219
Health insurance	1,081,893	1,041,936
Life insurance	1,119,394	1,118,276
<b>Total</b>	<b>4,932,428</b>	<b>4,741,430</b>

Of which:

Austria	3,503,782	3,415,559
remaining EU member states and other states which are party to the Agreement on the European Economic Area	1,087,462	1,022,936
other countries	341,184	302,935
<b>Total</b>	<b>4,932,428</b>	<b>4,741,430</b>

## Indirect insurance

In € thousand

1–12/2018 1–12/2017

Property and casualty insurance	43,294	58,480
Health insurance	4,551	28
Life insurance	8,682	11,728
<b>Total</b>	<b>56,527</b>	<b>70,236</b>

**Property and casualty insurance premiums written**

In € thousand

	1–12/2018	1–12/2017
<b>Direct insurance</b>		
Fire and business interruption insurance	254,239	245,056
Liability insurance	255,031	242,206
Household insurance	191,159	187,059
Motor TPL insurance	600,528	582,418
Legal expense insurance	91,288	88,402
Marine, aviation and transport insurance	66,412	55,488
Other motor insurance	549,919	511,503
Other property insurance	272,899	243,505
Other forms of insurance	74,762	69,375
Casualty insurance	374,904	356,207
<b>Total</b>	<b>2,731,141</b>	<b>2,581,219</b>

**Indirect insurance**

Fire and business interruption insurance	25,860	29,949
Motor TPL insurance	5,408	14,858
Other forms of insurance	12,026	13,673
<b>Total</b>	<b>43,294</b>	<b>58,480</b>

**Total direct and indirect insurance (amount consolidated)**

**2,774,435 2,639,699**

**Reinsurance premiums ceded**

In € thousand

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

**Premiums earned**

In € thousand

1–12/2018 1–12/2017

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

**Premiums earned – indirect insurance**

In € thousand

1–12/2018 1–12/2017

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

**Earnings – indirect insurance**

In € thousand

1–12/2018 1–12/2017

Property and casualty insurance	-23,163	73,576
Health insurance	661	-1,019
Life insurance	4,903	7,223
<b>Total</b>	<b>-17,600</b>	<b>79,781</b>

## 8. Insurance benefits

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

## 9. Operating expenses

In € thousand

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

## Other non-current assets

### 10. Property, plant and equipment

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

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

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

Property, plant and equipment are depreciated on a straight line basis over a useful life for buildings of 5 to 80 years and for technical systems and operating and office equipment of 2 to 20 years. Depreciation methods, useful lives and residual values are reviewed on every reporting date and adjusted if necessary. The depreciation charges for property, plant and equipment are recognised in profit/(loss) for the period on the basis of allocated operating expenses under the items “Insurance benefits”, “Operating expenses” and “Net investment income” so that the expenses and earnings are distributed on the basis of their causation.

**Acquisition costs**

In € thousand

	Land and buildings for own use	Other property, plant and equipment	Total
<b>At 1 January 2017</b>	<b>278,454</b>	<b>222,845</b>	<b>501,299</b>
Currency translation	1,611	16	1,627
Change in basis of consolidation	2	0	2
Additions	3,095	19,789	22,884
Disposals	-1,754	-13,044	-14,798
Reclassifications	70,545	-2,621	67,924
<b>At 31 December 2017</b>	<b>351,953</b>	<b>226,985</b>	<b>578,938</b>
<b>At 1 January 2018</b>	<b>351,953</b>	<b>226,985</b>	<b>578,938</b>
Currency translation	-1,250	-150	-1,401
Additions	3,838	28,712	32,550
Disposals	-2,791	-14,585	-17,376
Reclassifications	2,811	-1,084	1,726
<b>At 31 December 2018</b>	<b>354,560</b>	<b>239,877</b>	<b>594,437</b>

**Accumulated depreciation and impairment losses**

In € thousand

	Land and buildings for own use	Other property, plant and equipment	Total
<b>At 1 January 2017</b>	<b>-80,458</b>	<b>-155,621</b>	<b>-236,080</b>
Currency translation	-591	112	-478
Additions from depreciation	-12,175	-15,223	-27,398
Additions from impairment	-256	0	-256
Disposals	84	10,977	11,061
Reclassifications	-15,157	-19	-15,176
<b>At 31 December 2017</b>	<b>-108,553</b>	<b>-159,775</b>	<b>-268,327</b>
<b>At 1 January 2018</b>	<b>-108,553</b>	<b>-159,775</b>	<b>-268,327</b>
Currency translation	395	20	415
Additions from depreciation	-10,723	-16,182	-26,904
Additions from impairment	-158	0	-158
Disposals	1,990	11,414	13,403
Reclassifications	-1,939	127	-1,812
Reversal of impairment	0	8	8
<b>At 31 December 2018</b>	<b>-118,987</b>	<b>-164,388</b>	<b>-283,375</b>

**Carrying amounts**

In € thousand

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

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

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

## 11. Intangible assets

### Deferred acquisition costs

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

### Insurance contract portfolio

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

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

### Goodwill

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

### Ascertainment and allocation of goodwill

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

The impairment test was carried out in the fourth quarter of 2018. UNIQA has allocated goodwill to the CGUs listed below, which coincide with the countries in which UNIQA operates. An exception to this was the SIGAL Group, in which the three countries of Albania, Kosovo and North Macedonia were combined as one CGU due to their similar development and organisational connection:

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

**Goodwill by CGU**

In € thousand

31/12/2018 31/12/2017

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

**Determining the capitalisation rate**

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

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

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

The determination of the market risk premium was adjusted according to the recommendation of the Chamber of Tax Consultants and Auditors. It was derived from a dividend discount model. The necessary market data is retrieved from Bloomberg. The growth factor is derived in the same manner as the growth in the profit from ordinary activities in the impairment test.

An additional country risk premium was defined in accordance with Professor Damodaran's models (NYU Stern). The basic principles for calculation of the country risk premium in accordance with the Damodaran method

are as follows: the spread of credit default swap spreads in a rating class of "risk-free" US government bonds is determined starting from the rating of the country concerned (Moody's). Then the spread is adjusted by the amount of the volatility difference between equity and bond markets.

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

**Impairment test for goodwill – ascertainment of the recoverable amount**

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

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

**Cash flow forecast (multi-phase model)****Phase 1: five-year company planning**

The detailed company planning generally encompasses a period of five years. The company plans used for the calculation are the result of a structured and standardised management dialogue, in combination with the reporting and documentation process integrated into this dialogue. The plans are formally approved by the Group Management Board and also include material assumptions regarding the combined ratio, capital earnings, market shares and the like.

**Phase 2: perpetuity growth rate**

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

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

**Capitalisation rate 2018**

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

<sup>1)</sup> The discount rate ranges listed for the SIGAL Group and the regions relate to the spread over the respective countries grouped under these headings.

## Capitalisation rate 2017

In per cent	Discount factor		Discount factor perpetuity		Growth rate (perpetuity)
	Property/casualty	Life & health	Property/casualty	Life & health	Property/casualty Life & health
Bosnia and Herzegovina	14.1	14.7	15.6	16.2	6.4
Bulgaria	8.4	8.9	10.2	10.7	5.8
Croatia	9.9	10.4	11.4	11.9	5.4
Liechtenstein	7.0	7.5	6.8	7.3	1.0
Montenegro	12.5	13.0	13.2	13.7	6.0
Austria	8.2	8.8	8.2	8.8	1.0
Poland	7.8	8.3	9.3	9.8	5.0
Romania	8.5	9.1	10.9	11.5	5.8
Russia	17.5	18.0	12.8	13.3	6.8
Switzerland	7.0	7.5	6.8	7.3	1.0
Serbia	12.8	13.4	14.1	14.7	6.3
Albania/Kosovo/North Macedonia as subgroup of the "SIGAL Group" <sup>1)</sup>	11.5 – 14.1	12.1 – 14.6	12.1 – 14.2	12.7 – 14.7	6.3 – 6.9
Slovakia	8.8	9.3	8.8	9.3	4.6
Czech Republic	8.9	9.5	8.6	9.2	4.4
Ukraine	34.3	34.9	22.8	23.4	7.6
Hungary	10.4	11.0	11.4	12.0	5.3

<sup>1)</sup> The discount rate ranges listed for the SIGAL Group and the regions relate to the spread over the respective countries grouped under these headings.

### Uncertainty and sensitivity

Various studies and statistical analyses were used as sources to provide a basis for determining the growth rates in order to consistently and realistically reflect the market situation and macroeconomic development.

The reference sources included the following studies and materials:

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

### Sensitivity analyses of financial instruments

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

These analyses show that sustained surpluses on the part of the individual CGUs are highly dependent on the actual development of these assumptions within the individual national or regional economies (GDP, insurance density, purchasing power parities), particularly in the CEE markets, as well as the associated implementation of the individual profit goals. These forecasts and the related assessment of how the situation in the markets will develop in the future, under the influence of the continuing financial crisis in individual markets, are the largest uncertainties in connection with measurement results.

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

A sensitivity analysis shows that if there is a rise in interest rates of 50 basis points or a change in the underlying cash flow by 5 per cent for Bosnia and for Montenegro, there could be a convergence between the value in use and the carrying amount or a value in use that is lower than the carrying amount. In the event of a change to the underlying cash flows by –10 per cent, there will also be a risk in Romania of a convergence or a value in use that is lower than the carrying amount.

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

### Backtesting

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

planning, in order to enhance the planning accuracy of forthcoming financial plans.

### Other intangible assets

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

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

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

### 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
<b>At 1 January 2017</b>	<b>1,134,853</b>	<b>113,496</b>	<b>377,599</b>	<b>191,493</b>	<b>1,817,441</b>
Currency translation	1,885	-593	422	803	2,517
Additions	0	0	0	53,973	53,973
Disposals	0	0	-207	-1,455	-1,662
Reclassifications	0	0	0	56	56
Interest capitalised	-4,425	0	0	0	-4,425
Capitalisation	117,421	0	0	0	117,421
Amortisation	-116,578	0	0	0	-116,578
<b>At 31 December 2017</b>	<b>1,133,156</b>	<b>112,903</b>	<b>377,814</b>	<b>244,870</b>	<b>1,868,743</b>
<b>At 1 January 2018</b>	<b>1,133,156</b>	<b>112,903</b>	<b>377,814</b>	<b>244,870</b>	<b>1,868,743</b>
Currency translation	-3,307	-7	-36	-1,115	-4,465
Additions	0	0	0	90,726	90,726
Disposals	0	0	0	-4,954	-4,954
Interest capitalised	2,922	0	0	0	2,922
Capitalisation	189,880	0	0	0	189,880
Amortisation	-170,555	0	0	0	-170,555
<b>At 31 December 2018</b>	<b>1,152,095</b>	<b>112,896</b>	<b>377,779</b>	<b>329,526</b>	<b>1,972,295</b>

### Accumulated amortisation and impairment losses

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
<b>At 1 January 2017</b>		-95,179	-82,230	-147,672	-325,081
Currency translation		627	0	-337	290
Additions from amortisation		-5,039	0	-9,991	-15,030
Disposals		0	0	626	626
<b>At 31 December 2017</b>		-99,591	-82,230	-157,374	-339,195
<b>At 1 January 2018</b>		-99,591	-82,230	-157,374	-339,195
Currency translation		24	0	788	812
Additions from amortisation		-2,639	-35	-12,668	-15,342
Disposals		0	0	314	314
<b>At 31 December 2018</b>		-102,206	-82,265	-168,939	-353,410

### Carrying amounts

In € thousand

	Deferred acquisition costs	Insurance contract portfolio	Goodwill	Other intangible assets	Total
<b>At 1 January 2017</b>	1,134,853	18,317	295,369	43,820	1,492,360
<b>At 31 December 2017</b>	1,133,156	13,313	295,584	87,496	1,529,548
<b>At 31 December 2018</b>	1,152,095	10,690	295,513	160,587	1,618,885

Other intangible assets mainly comprise software.

Other current assets

12. Receivables, including insurance receivables

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

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

<sup>1)</sup> Impairment losses related to policyholders are shown under the cancellation provision.

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

### 13. Cash and cash equivalents

In € thousand

31/12/2018 31/12/2017

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

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

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

#### Assets and liabilities held for sale

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

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

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

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

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

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

#### Discontinued operations

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

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

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

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

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

In € thousand

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

## Taxes

### 15. Deferred taxes

At 31 December 2018 UNIQA had deferred tax assets amounting to €153,059 thousand (2017: €172,783 thousand). The deferred tax assets result from tax loss carry-forwards, from impairment in accordance with Section 12 of the Austrian Corporation Tax Act, and from deductible temporary differences between the carrying amounts of the assets and liabilities in the consolidated statement of financial position and their tax values.

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

The calculation of deferred tax is based on the specific tax rates of each country, which were between 5 and 25 per cent in the financial year (2017: between 5 and 25 per cent). Changes in tax rates in effect at 31 December 2018 are taken into account.

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

In € thousand

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

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

### Net deferred tax

In € thousand

<b>At 1 January 2017 adjusted</b>	<b>–274,046</b>
Changes recognised in profit/(loss)	–26,930
Changes recognised in other comprehensive income	25,046
Changes due to changes in basis of consolidation	–10,788
Foreign exchange differences	–685
<b>At 31 December 2017 adjusted</b>	<b>–287,403</b>
<b>At 1 January 2018</b>	<b>–287,403</b>
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
<b>At 31 December 2018</b>	<b>–249,241</b>

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

The deferred tax assets stated include €14,043 thousand (2017: €14,428 thousand) attributable to tax loss carryforwards. Deferred tax assets from loss carryforwards in the amount of €11,922 thousand (2017: €24,808 thousand) were not recognised, as a realisation of these in the near future cannot be assumed, taking maturities into account.

These tax assets from loss carryforwards are forfeited as follows:

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

## 16. Income taxes

<b>Income tax</b> In € thousand	1–12/2018	1–12/2017 adjusted
Actual tax – reporting year	11,059	12,233
Actual tax – previous year	21,087	7,886
Deferred tax	27,324	27,043
<b>Total</b>	<b>59,470</b>	<b>47,162</b>

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

## Reconciliation statement

in € thousand

1–12/2018 1–12/2017  
adjusted

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

<sup>1)</sup> Earnings before taxes multiplied by the corporate income tax rate

## Group taxation

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

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

## Social capital

### 17. Defined benefit plans

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

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

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

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

### Pension entitlements

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

### Termination benefit entitlements

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

## Defined benefit obligations

In € thousand

	Defined benefit obligations for pensions	Plan assets at fair value	Net defined benefit obligations for pensions	Termination benefits	Total defined benefit obligations
<b>At 1 January 2018</b>	<b>503,814</b>	<b>-84,175</b>	<b>419,639</b>	<b>167,998</b>	<b>587,637</b>
Current service costs	16,466	0	16,466	4,661	21,126
Interest expense/income	7,489	-1,203	6,285	1,378	7,663
Past service costs	-9,267	0	-9,267	0	-9,267
<b>Components of defined benefit obligations recognised in the income statement</b>	<b>14,687</b>	<b>-1,203</b>	<b>13,483</b>	<b>6,038</b>	<b>19,522</b>
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
<b>Other comprehensive income</b>	<b>17,110</b>	<b>6,612</b>	<b>23,722</b>	<b>-3,561</b>	<b>20,161</b>
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
<b>At 31 December 2018</b>	<b>439,983</b>	<b>-90,102</b>	<b>349,881</b>	<b>143,687</b>	<b>493,568</b>

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

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

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

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

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

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

**Sensitivity analysis**

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

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

**Calculation factors applied**

In per cent	2018	2017
Discount rate		
Termination benefits	1.2	0.9
Pensions	1.7	1.5
Valorisation of remuneration	3.0	3.0
Valorisation of pensions	2.0	2.0
Employee turnover rate	dependent on years of service	dependent on years of service
Calculation principles	AVÖ 2018 P – salaried employees	AVÖ 2008 P – Pagler & Pagler/ salaried employees

**Weighted average duration in years**

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

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

## 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 re-fund or reduction of future payments arises. The defined contribution plan is financed largely by UNIQA.

### Pension entitlements

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

### Contributions to company pension funds

Under defined contribution company pension schemes, the employer pays the fixed amounts into company pension funds. The insurance contributions to company pension funds amounted to €3,318 thousand (2017: €2,210 thousand). The employer has satisfied their obligation by making these contributions.

## 19. Employees

### Personnel expenses

In € thousand

1–12/2018 1–12/2017

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

### Average number of employees

31/12/2018 31/12/2017

<b>Total</b>	<b>12,818</b>	<b>12,839</b>
of which sales	4,271	4,456
of which administration	8,547	8,383

## Equity

### 20. Subscribed capital and capital reserves

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

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

### 21. Treasury shares

### Treasury shares

31/12/2018 31/12/2017

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

### Authorisations of the Management Board

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

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

The treasury shares held via UNIQA Österreich Versicherungen AG stem from the merger of BL Syndikat Beteiligungsgesellschaft 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.

<b>Non-controlling interests</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
<small>In € thousand</small>		
In valuation of financial instruments available for sale	-792	1,630
In actuarial gains and losses on defined benefit plans	-177	-728
In retained profit	16,770	16,453
In other equity	-1,364	74,033
<b>Total</b>	<b>14,438</b>	<b>91,388</b>

## Subordinated liabilities

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

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

## Carrying amounts

In € thousand

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

**Maturity**

In € thousand

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

**Contractual maturities at 31 December 2018**

In € thousand

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

**Contractual maturities at 31 December 2017**

In € thousand

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

<sup>1)</sup> Contractual maturities based on the first possible termination date**Other current and non-current liabilities****24. Financial liabilities****Carrying amounts**

In € thousand

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

**Maturity**

In € thousand

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

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

**Contractual maturities at 31 December 2018**

In € thousand

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

**Contractual maturities at 31 December 2017 (adjusted)**

In € thousand

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

**Changes in financial liabilities**

In € thousand

	Subordinated liabilities	Financial liabilities	Changes in financial liabilities
<b>At 1 January 2017 adjusted</b>	<b>869,115</b>	<b>47,798</b>	<b>916,914</b>
Payments from other financing activities	0	-1,131	-1,131
Currency translation	0	21	21
Other changes	233	-6,337	-6,104
<b>At 31 December 2017 adjusted</b>	<b>869,349</b>	<b>40,352</b>	<b>909,700</b>
<b>At 1 January 2018</b>	<b>869,349</b>	<b>40,352</b>	<b>909,700</b>
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
<b>At 31 December 2018</b>	<b>869,832</b>	<b>798,484</b>	<b>1,668,316</b>

## 25. Liabilities and other items classified as liabilities

In € thousand

31/12/2018 31/12/2017  
adjusted

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

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

## Other non-technical income and expenses

### 26. Other income

In € thousand

1–12/2018 1–12/2017

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

### 27. Other expenses

In € thousand

1–12/2018 1–12/2017

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

## Other disclosures

### 28. Group holding company

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

### 29. Remuneration for the Management Board and Supervisory Board

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

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

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

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

### 30. Share-based payment agreement with cash settlement

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

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

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

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

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

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

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

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

As at 31 December 2018 a total of 1,103,954 virtual shares (2017: 1,071,669 shares) were relevant for the valuation. The fair value of share-based remuneration at the reporting date amounts to €6,690 thousand (2017: €5,731 thousand).

### 31. Relationships with related companies and persons

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

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

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

## Transactions and balances with related companies

In € thousand

	Companies with significant influence on UNIQA Group	Affiliated but not consolidated companies	Associated companies of UNIQA Group	Other related parties	Total
<b>Transactions in 2018</b>					
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
<b>At 31 December 2018</b>					
Investments	225,221	13,393	653,388	46,367	938,369
Cash and cash equivalents	1,160,656	0	0	152,130	1,312,786
Receivables, including insurance receivables	13	2,129	67	4,685	6,894
Financial liabilities	772,196	0	0	0	772,196
Liabilities and other items classified as liabilities	273	751	196	5,183	6,403

In € thousand

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

## Transactions with related persons

In € thousand

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

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

## 32. Other financial obligations and contingent liabilities

### Leasing

In € thousand

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

**Options to purchase granted**

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

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

**33. Expenses for the auditor of the financial statements**

The auditor fees in the financial year were €1,530 thousand (2017: €1,652 thousand); of which €500 thousand (2017: €498 thousand) is attributable to the annual audit, €1,001 thousand (2017: €1,038 thousand) to other auditing services and €29 thousand (2017: €116 thousand) to other general services.

**34. Basis of consolidation**

**Subsidiaries**

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

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

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

**Loss of control**

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

**Investment in associates**

Associates are all the entities over which UNIQA has significant influence but does not exercise control or joint control over their financial and operating policies. This is

generally the case as soon as there is a voting share of between 20 and 50 per cent or a comparable significant influence is guaranteed legally or in practice via other contractual regulations. Inclusion in the basis of consolidation is based on the proportionate equity (equity method).

**Investment funds**

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

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

**Basis of consolidation**

31/12/2018 31/12/2017

<b>Consolidated companies</b>		
Austria	34	35
Other countries	59	59
<b>Associates</b>		
Austria	5	6
Other countries	1	1
<b>Consolidated investment funds</b>		
Austria	6	6
Other countries	1	2

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

**35. Consolidation principles**

**Business combinations**

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

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

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

#### Transactions eliminated on consolidation

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

#### Acquisitions

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

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

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

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

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

Receivables (trade receivables and other assets) acquired in the course of the acquisition have a fair value of

€609 thousand. Based on the best possible estimate, there were no uncollectible receivables at the time of the acquisition.

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

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

#### Assets and liabilities from business combinations at acquisition date

In € thousand

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

#### Restructuring processes

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

#### Liquidation

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

#### Sales

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

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

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

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

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

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

### Amendments and standards to be applied for the first time

The Group applied the following amendments to standards, and they were first adopted at 1 January 2018. None of the new regulations arising from this have any essential impact on UNIQA's financial position.

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

### IFRS 15 Revenue from Contracts with Customers

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

IFRS 15 is relevant for the UNIQA Group due to investments being accounted for using the equity method. Use of the modified retrospective method on first-time adoption of IFRS 15 is expected to have a positive effect of

approximately €5 million on equity for the full 2018 year. For other revenues the scope of IFRS 15, the application of IFRS 15 has no impact on the financial position of the Company or the presentation in the consolidated financial statements.

### New and amended standards to be applied in the future

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

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

<sup>1)</sup> Preliminary decision of the IASB to defer the date of IFRS 17 coming into force and to extend the temporary exemption of IFRS 9 by one year.

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

### IFRS 9 – Financial Instruments

The IASB published the final version of IFRS 9 (Financial instruments) in July 2014. This replaces IAS 39 (Financial Instruments: Recognition and Measurement) in its entirety and came into force effective 1 January 2018. The different effective dates applicable to IFRS 9 and IFRS 17 which must be applied to reporting periods as of 1 January 2022<sup>1)</sup> would result in increased volatilities in profits and duplicate migration efforts for the transition period. As a result of this, the IASB published adjustments in 2016 to IFRS 4 (Insurance Contracts) which allow insurance companies to recognise certain profits or losses in other comprehensive income (overlay approach) or to defer the initial application time for IFRS 9 until IFRS 17 comes into force (deferral approach) as part of a transition process.

Since UNIQA's business is predominantly insurance-related and UNIQA has not yet applied IFRS 9 in any other

version, a deferral to apply IFRS 9 for the first time is permitted until 1 January 2022<sup>1)</sup>. This is possible if the share of the carrying amount of all insurance liabilities in the total liabilities as of 31 December 2015 exceeds 90 per cent. The criteria to be fulfilled for the deferral approach were met by more than 90 per cent. For associated companies that have been applying IFRS 9 since 1 January 2018, UNIQA has exercised the option of including them in the consolidated financial statements without any adjustments.

### Classification and measurement

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

Fixed-income securities make up a large portion of the investment portfolio. Given that these securities tend to follow the principal/interest payment structure in most cases, they largely fulfil the criteria of the SPPI test. If an instrument meets the requirements of the SPPI test, there

are two options. On the one hand, there is the option of subsequent measurement at amortised cost, and on the other, the option of fair value measurement through other

comprehensive income. The portion of the UNIQA portfolio that does not fulfil the SPPI criteria will in future be measured at fair value through profit or loss.

### Requirements for SPPI fulfilled based on carrying amounts in per cent<sup>1)</sup>

	Variable-income securities	Fixed-income securities	Loans and other investments	Derivative financial instruments	Investments under investment contracts
Financial assets at fair value through profit or loss	0.0	0.2	-	0.0	0.0
Available-for-sale financial assets	0.0	92.7	-	-	-
Loans and receivables	-	1.1	100.0	-	-
<b>Total</b>	<b>0.0</b>	<b>93.9</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>

<sup>1)</sup> Classification according to IAS 39

### Asset allocation of other investments

In € thousand

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

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

### Impairment

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

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

## Financial instruments by rating

In € thousand

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

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

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

### IFRS 16 – Leases

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

There are around 1,200 contracts across the entire Group which fall within the scope of IFRS 16 and for which UNIQA is lessee. Most of the portfolio is made up of standard contracts that are not very complex. They mainly relate to real estate and in part to operating and office equipment. A significant portion of the contracts are concluded for an indefinite period, for which estimates had to be made regarding the term and the exercise of termination options. The increase in lease liabilities arising from the cash value of the remaining lease payments compared with the obligations stated so far from future lease instalments is primarily the result of estimates made on the expected

contractual term of lease agreements with no fixed term. The lease payments recorded each year amount to around €12 million. The average contract term is between three and five years. The discount rate to determine the liability is composed of the risk-free interest rate adjusted by the country risk, creditworthiness, quality of the collateral and an amortisation factor.

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

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

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

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

**IFRS 17 – Insurance Contracts**

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

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

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

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

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

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

- group of contracts that already involve a loss when the contract is formed,

- group for which it is unlikely that the contracts will involve a loss during the term of the contract, and
- the remaining group.

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

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

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

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

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

**37. Error corrections in accordance with IAS 8 Consolidation of controlled investment funds**

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

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

#### **Deferred taxes and deferred profit participation**

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

#### **Percentage of deferred profit participation**

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

#### **Pro rata interest**

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

**Assets**  
In € thousand

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

**Equity and liabilities**  
In € thousand

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

**Assets**  
In € thousand

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

**Equity and liabilities**

In € thousand

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

**Consolidated income statement**

In € thousand

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

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

**38. Currency translation**

**Functional currency and reporting currency**

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

**Transactions in foreign currencies**

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

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

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

**Significant events after the reporting date**

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

## Risk report

### 39. Risk strategy

#### Principles

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

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

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

#### Organisation

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

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

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

#### Risk-bearing capacity and risk appetite

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

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

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

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

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

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

#### Opportunities

Risk also means opportunity. We regularly analyse trends and risks that influence our society and thus our customers and ourselves. We involve our employees in the whole

of the business to identify and analyse trends at an early stage, produce suitable action plans and develop innovative approaches.

#### **40. Risk management system**

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

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

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

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

#### **Organisational structure (governance)**

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

##### **First line of defence: risk management within the business activity**

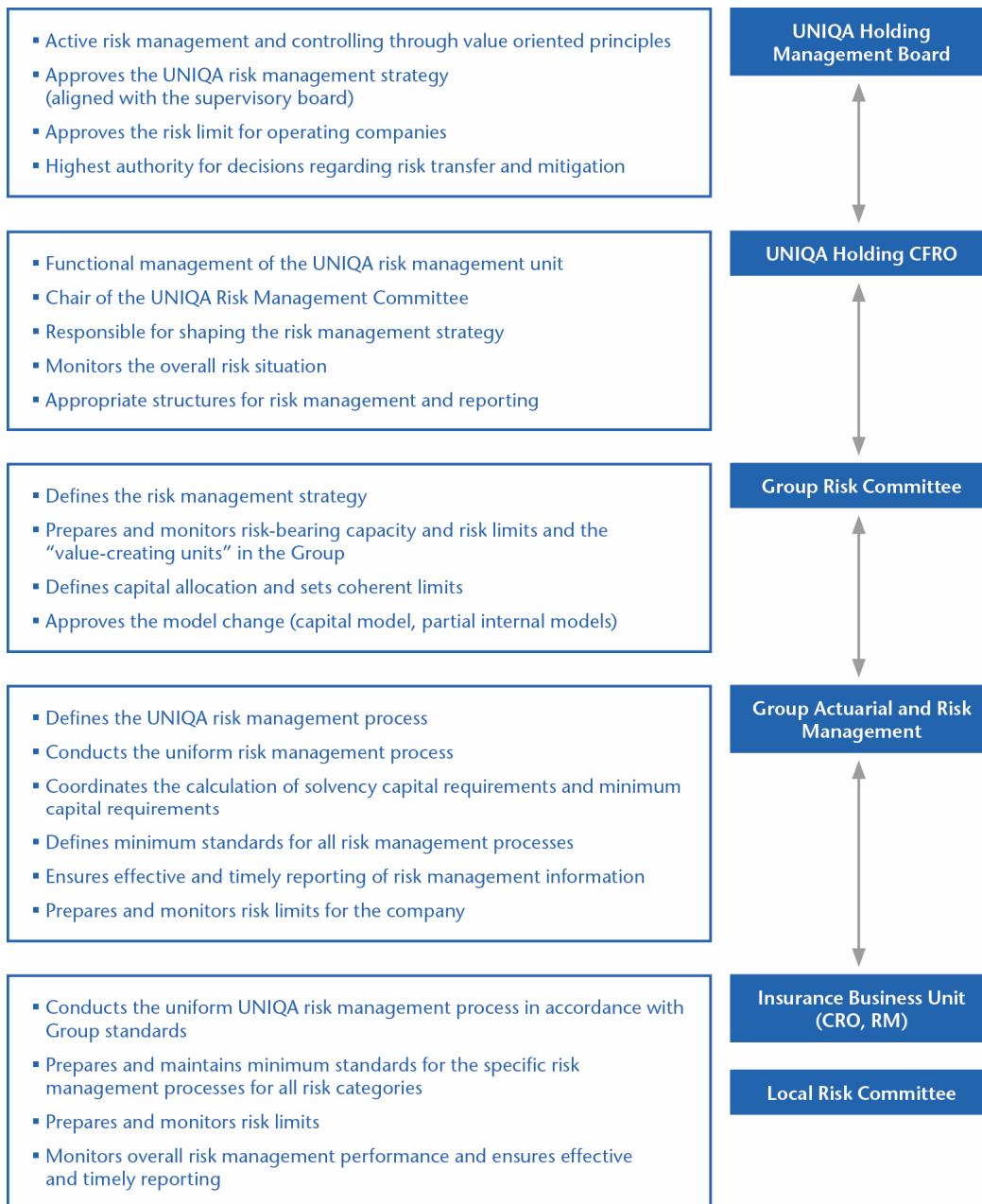
Those responsible for business activities must develop and put into practice an appropriate risk control environment to identify and monitor the risks that arise in connection with the business and processes.

##### **Second line of defence: supervisory functions including risk management functions**

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

##### **Third line of defence: internal and external auditing**

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



The relevant responsibilities are shown accordingly in the overview above. In addition, the Supervisory Board at UNIQA Insurance Group AG receives comprehensive risk reports at Supervisory Board meetings.

### Risk management process

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

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

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

- Operational risk
- Contagion risk
- Emerging risk

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

**UNIQA’s risk management process**

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

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

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

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

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

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

**Activities and objectives in 2018**

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

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

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

UNIQA has also worked intensively on the developments to the partial internal model (which was approved at 11 December 2017 for property and casualty insurance). Specifically the model was expanded to include the market risk module. Work on the market risk model had already started in 2017, and this was completed and fully

calculated for internal purposes in 2018. The essential changes as compared with the standard formula feature in the modules for interest, spreads and real estate.

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

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

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

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

**41. Challenges and priorities in risk management for 2019**

**Shared Service Centre (SSC) Bratislava**

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

**Partial internal model for the market risk**

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

**Introduction of the new ICS**

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

**Implementation of the Group Security Management System (GSMS)**

UNIQA has launched a project for the introduction of an integrated GSMS that deals with information security, physical safety and security and business continuity, i.e. all aspects of safety and security, including cyber security risks. The overriding aim of the GSMS is to contribute towards integrated and comprehensive security risk management at UNIQA. The following elements have been

defined as objectives of the management system in order to support this:

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

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

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

**42. Capitalisation**

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

**Statutory requirements**

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

**Internal capital adequacy**

UNIQA defines risk appetite on the basis of the economic capital model (ECM). Based on this model, we are aiming for a risk capital cover (capital ratio) of between 155 per cent and 190 per cent. Details for the reporting date of 31 December 2018, including a detailed analysis of changes, can be found in the Group Economic Capital Report.

**Standard and Poor's model**

UNIQA also takes the potential impact on the rating by recognised rating agencies into account in the capital management process. S&P currently applies a credit rating of "A-" to UNIQA Insurance Group AG. In the S&P capital model, however, UNIQA achieves significant surplus coverage for the current level. UNIQA assumes that it will

secure its surplus coverage of the AA level at a minimum in the long term and will also improve the rating in line with the corporate strategy as a result.

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

### 43. Risk profile

UNIQA’s risk profile is very heavily influenced by life insurance and health insurance portfolios in UNIQA Österreich Versicherungen AG. This situation means that market risk plays a central role in UNIQA’s risk profile.

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

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

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

### Market and credit risk

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

### Asset allocation

In € thousand

31/12/2018 31/12/2017  
adjusted

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

However, the market and credit risks not only have an impact on the value of investments, but also influence the level of technical liabilities. There is therefore a dependency between the (price) growth of assets and liabilities from insurance contracts, particularly in life insurance. UNIQA manages the income expectations and risks of assets and liabilities arising from insurance contracts as part of the asset liability management (ALM) process. The objective is to ensure sufficient liquidity while retaining the greatest possible security and balanced risk in order to achieve a return on capital that is sustainably higher than the guaranteed performance of the technical liabilities. To do this, assets and liabilities are allocated to different accounting groups.

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

### Assets

In € thousand

31/12/2018 31/12/2017  
adjusted

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

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

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

These values refer to the following items:

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

The **interest rate risk** arises on all statement of financial position asset and liability items whose value fluctuates as a result of changes in risk-free yield curves or associated volatility. Given the high proportion of interest-bearing securities in the investment, interest rate risk forms an important part of market risk. The interest rate risk is actively managed as part of the ALM-based investment strategy.

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

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

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.

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

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

The discount rate that may be used in the costing when new business is written in most UNIQA companies takes into account a maximum discount rate imposed by the relevant local supervisory authority. In all those countries in which the maximum permissible discount rate is not imposed in this way, appropriate prudent, market-based assumptions are made by the actuaries responsible for the calculation. In our core market of Austria, the maximum interest rate beginning 1 January 2017 is 0.5 per cent per year. However, the portfolio also includes older contracts with different discount rates. In the relevant markets of the UNIQA Group, these rates amount to as much as 4.0 per cent per year. The following table provides an overview of the average discount rates by region and currency.

### Average technical discount rates, core business by region and currency

In per cent

	EUR	USD	Local currency
Austria (AT)	2.3		
Central Europe (CE)	3.4		3.1
Eastern Europe (EE)	3.6	3.7	3.3
Southeastern Europe (SEE)	2.5	2.3	1.3
Russia (RU)	2.9	2.8	4.0

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

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

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

### Exposure by rating

In € thousand

31/12/2018 31/12/2017  
adjusted

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

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

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

### Currency risk

31/12/2018

In € thousand	Assets	Provisions and liabilities
<b>EUR</b>	<b>24,776,455</b>	<b>22,526,995</b>
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
<b>Total</b>	<b>28,503,801</b>	<b>25,517,251</b>

### Currency risk

31/12/2017 adjusted

In € thousand	Assets	Provisions and liabilities
<b>EUR</b>	<b>24,868,208</b>	<b>22,491,054</b>
USD	487,254	87,257
CZK	586,717	474,119
HUF	485,880	578,675
PLN	1,167,861	1,011,021
RON	289,729	220,337
Other	858,235	632,036
<b>Total</b>	<b>28,743,885</b>	<b>25,494,500</b>

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

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

### Liquidity risk

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

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

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

### Sensitivities

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

The following tables show the most important market risks in the form of key sensitivity figures, along with their impact on equity and profit/(loss) for the period. Depending on the measurement principle to be applied, any future losses from the measurement at fair value may result in different fluctuations in profit/(loss) for the period or in other comprehensive income. The key figures are calculated theoretically on the basis of actuarial principles and do not take into consideration any diversification effects between the individual market risks or countermeasures taken in the various market scenarios.

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

## Interest rate risk

31/12/2018

31/12/2017

In € thousand	+100 basis points	– 100 basis points <sup>1)</sup>	+100 basis points	– 100 basis points <sup>1)</sup>
Government bonds	–736,457	673,474	–768,284	746,481
Corporate bonds (incl. covered bonds)	–316,143	196,892	–372,587	281,189
Other	–35,852	24,921	–28,592	32,926
<b>Total</b>	<b>–1,088,451</b>	<b>895,286</b>	<b>–1,169,463</b>	<b>1,060,595</b>

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

## Spread risk

31/12/2018

31/12/2017

In € thousand	+100 basis points	+100 basis points
<b>Total</b>	<b>–1,113,826</b>	<b>–1,184,283</b>

## Equity risk

31/12/2018

31/12/2017

In € thousand	30%	–30%	30%	–30%
<b>Total</b>	<b>375,228</b>	<b>–375,186</b>	<b>277,757</b>	<b>–247,797</b>

## Currency risk

31/12/2018

31/12/2017

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

## 2018

In € thousand

	Interest rate shock (+100 bp)	Interest rate shock (–100 bp)	Spread shock (+100 bp)	Equity shock (+30%)	Equity shock (–30%)	Currency shock <sup>1)</sup> (+10%)	Currency shock <sup>1)</sup> (–10%)
Income statement	1,781	–6,965	–2,743	60,776	–305,289	186,416	–184,798
Equity	–1,090,232	902,251	–1,111,082	314,451	–69,897	12,330	–12,330
<b>Total</b>	<b>–1,088,451</b>	<b>895,286</b>	<b>–1,113,826</b>	<b>375,228</b>	<b>–375,186</b>	<b>198,747</b>	<b>–197,128</b>

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

## 2017

In € thousand

	Interest rate shock (+100 bp)	Interest rate shock (–100 bp)	Spread shock (+100 bp)	Equity shock (+30%)	Equity shock (–30%)	Currency shock <sup>2)</sup> (+10%)	Currency shock <sup>2)</sup> (–10%)
Income statement	–1,235	4,152	–8,842	42,945	–19,012	185,406	–183,941
Equity	–1,168,228	1,056,443	–1,175,441	234,812	–228,785	15,902	–15,902
<b>Total</b>	<b>–1,169,463</b>	<b>1,060,595</b>	<b>–1,184,283</b>	<b>277,757</b>	<b>–247,797</b>	<b>201,308</b>	<b>–199,842</b>

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

In **life insurance** the interest rate assumptions are the crucial influencing factor on the liability adequacy test and deferred acquisition costs. The impact of the implied new funds assumption (including reinvestment) is therefore stated below.

If new funds are assumed with a +100 bp increase, then the resulting net effect (after accounting for the deferred profit participation) amounts to €+6.16 million. A –100 bp reduction in this assumption results in a net effect of €–6.90 million. The effects described relate to the changes

in deferred acquisition costs along with the impact on the liability adequacy test. The results were determined using the traditional business in Austria which makes up the majority of insurance provision in the Group.

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

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

The partial internal model in property and casualty insurance is a suitable instrument for quantifying the volatility involved in processing. Pursuant to analysis of these model results, it was determined that a deviation of 5 per cent from the basic provision determined may represent a realistic scenario. Based on the current provision for unsettled claims of €2,555 million (excluding additional provisions such as provisions for claim settlement) in the Group on a gross basis, this would mean an increase in claims incurred by €127.8 million.

**Health insurance** operated on the similar to life technique is now also affected by the period of low interest rates. Since 1 January 2018 only tariffs with the 1 per cent discount rate are being sold. That fact, together with the tariffs sold in 2017 at the discount rate of 1.75 per cent, further reduce the average discount rate. A reduction in the capital earnings by 100 bp (based on investment results 2018) would reduce the profit from ordinary activities by approx. €34 million.

#### Actuarial risks

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

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

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

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

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

An essential element in risk assessment and further risk management is the use of the non-life partial model. This risk model uses stochastic simulations to quantify the risk capital requirement for each risk class at both company and Group levels.

The risk of an individual insurance contract lies in the occurrence of the insured event. The occurrence is considered random and therefore unpredictable. Various risks exist in **life insurance**, particularly in classic life insurance. The insurance company takes on this risk for a

corresponding premium. When calculating the premium, the actuary refers to carefully selected calculation principles.

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

The calculation of the premium is also based on the acceptance of a large, homogenous inventory of independent risks, so that the randomness inherent in an individual insurance contract is balanced out by the law of large numbers.

The following risks exist for a life insurance company:

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

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

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

In € thousand

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

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

In € thousand

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

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

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

**Premium portfolio by type**

In per cent

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

**Premium portfolio by type**

In per cent

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

Using risk selection (health examinations) means that the mortality probabilities of the portfolio are consistently smaller than those of the overall population. In addition, the gradual improvement of mortality rates means that the real mortality probabilities are consistently smaller than the values shown in the accounting table. Analyses of mortality data carried out at Group level show that, historically, the level of premiums has been sufficient to cover the death benefits.

Due to the large number of lives insured by UNIQA in the Austrian market, the mortality trends are of particular importance here. In accordance with the official mortality table 2010/2012 published by Statistik Austria, the trend of increasing life expectancy continues.

**Life expectancy at birth**

Mortality table	Men	Women
1970 – 72	66.6	73.7
1980 – 82	69.2	76.4
1990 – 92	72.5	79
2000 – 02	75.5	81.5
2010 – 12	78	83.3

The reduction in the probability of dying at any given age is the cause of a huge amount of uncertainty in the annuity business. Improvements in mortality rates as a result of

medical progress and changed lifestyles are virtually impossible to extrapolate.

Attempts to predict this effect were made when producing the generation tables. However, such tables only exist for the Austrian population, and this data cannot be applied to other countries. In the UNIQA Group, longevity risk relates mainly to the Austrian life insurance companies because very few pension products are sold in the regions covered by the international business.

Homogeneity and independence of insurance risks  
An insurance company takes great pains to compose a portfolio of the most homogenous, independent risks possible, in accordance with the classic, deterministic approach to calculating premiums. Because this is virtually impossible in practice, a considerable risk arises for the insurer due to random fluctuations, in particular from the outbreak of epidemic illnesses, as not only could the calculated mortality probabilities prove to be too low, the independence of the risks can also no longer be assumed.

UNIQA's portfolios contain large quantities of risk insurance policies with a premium adjustment clause, particularly in Austria. This allows the insurer to raise the premiums in case of an (unlikely) worsening of the mortality behaviour. However, this presents the possible danger of anti-selection, meaning that policies for good risks tend to be terminated while worse ones remain in the portfolio.

The right to choose pensions for deferred retirement annuities also results in anti-selection. Only those policyholders who feel very healthy choose the annuity payment; all others choose partial or full capital payment. In this way, the pension portfolio tends to consist of mostly healthier people, i.e. from the insurer's point of view worse risks than the population average.

This phenomenon is countered by corresponding modifications to the retirement mortality tables. A further possibility exists in the requirement that the intention to exercise the right to choose annuity payments must be announced no later than one year in advance of the expiration.

Besides the risks discussed above, the cost risk must also be mentioned: the insurer guarantees that it will deduct only the calculated costs for the entire term of the policy. The business risk here is that the cost premiums are insufficient (e.g. due to cost increases resulting from inflation).

The **health insurance** business is operated primarily in Austria (share: 92.9 per cent). As a result, risk management in this line focuses mainly on Austria.

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

Terminations by the insurer are not possible except in the case of obligation violations by the insured. Premiums must therefore be calculated in such a way that the premiums are sufficient to cover the insurance benefits that generally increase with age, assuming probabilities that remain constant. The probabilities and cost structures can change frequently over time. For this reason, the health insurer has the possibility to adjust the premiums as necessary to reflect the changed calculation principles.

When taking on risks, the existing risk of the individual is also evaluated. If it is established that an illness already exists for which the cost risk is expected to be higher than for the calculated portfolio, then either this illness is

excluded from the policy, an adequate risk surcharge is demanded or the risk is not underwritten.

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

The discount rate for this insurance provision is 3.0, 2.5 or 1.75 per cent. If the discount rate is not achieved by the investment, there are safety margins in the premiums that can be used to cover insufficient investment results. A new circular was published by the Austrian Financial Market Authority (FMA) in July 2017 related to the discount rate in health insurance, stating that the FMA expects that tariffs will only be sold at a 1 per cent discount rate as at 1 January 2018. This results in a further improvement of the risk in cases where the investment results are insufficient. The average discount rate at 31 December 2018 was approximately 2.80 per cent.

The legal risks arise primarily from the effects that changes to legislation have on the existing private health insurance business model. This includes, in particular, changes to the legal framework that make it harder or impossible to adapt to changed circumstances or that sharply reduce the income opportunities. Developments in this area are being observed by the insurance association, and attempts will also be made where necessary to react to negative developments from the perspective of the private health insurer.

The premium volume for the health insurance business outside of Austria amounts to approx. €77.6 million. The health insurance business from Switzerland was transferred to UNIQA Liechtenstein (approx. €18.8 million) as Solvency II also applies here in terms of supervisory law instead of the SST (Swiss Solvency Test). The remaining premiums are practically divided between all UNIQA insurance companies internationally, but are generally of only minor importance. As UNIQA has no obligations to life-long contracts abroad and the contracts are predominantly one-year contracts, the risk of health insurance similar to property technique must be categorised as somewhat low.

### Other risks

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

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

A distinctive feature of operational risk is that it can surface in all processes and departments. This is why operational risk is identified and evaluated in every operational company at a very broad level within UNIQA. Risks are identified with the help of a standardised risk catalogue that is regularly checked for completeness.

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

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

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

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

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

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

The **strategic risk** refers to the risk that results from management decisions or insufficient implementation of management decisions that may influence current or future income or solvency. This includes the risk that arises from management decisions that are inadequate because they ignore a changed business environment. Like operational and reputational risks, strategic risks are evaluated on an ongoing basis.

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

#### 44. Reinsurance

The Group Management Board determines, directly and indirectly, the strategic contents of reinsurance policy with its decisions regarding risk and capital policy. The following principles can be derived to structure the purchasing of external reinsurance:

Reinsurance structures support the continuous optimisation of the required risk capital and the management of the use of this risk capital. Great importance is attached to the maximum use of diversification effects. Decisions regarding all reinsurance business ceded are taken with special consideration of their effects on the required risk capital. Continuous analysis of reinsurance purchasing for efficiency characteristics is an essential component of internal risk management processes.

UNIQA Re AG in Zurich, Switzerland, is responsible for the operational implementation of these tasks. It is responsible for and guarantees the implementation of reinsurance policies issued by the Group Management

Board. It is responsible for issuing Group-wide guidelines governing all activities, organisation and questions regarding internal and external reinsurance relationships.

UNIQA Re AG is available to all Group companies as the risk carrier for their reinsurance needs. Naturally, internal risk transfers are subject to the same requirements and valuation processes in terms of efficiency measurement, risk capital optimisation and diversification as retrocessions to external reinsurance partners.

The assessment of the exposure of the portfolios assumed by the group companies is of central importance. Periodic risk assessments have been performed for years in the interest of a value-based management of the capital commitment. Extensive data are used to assess risk capital requirements for affected units. Reinsurance programmes are consistently structured systematically in accordance with their influence on the cedent's risk situation.

For the property and casualty insurer, promises of performance for protection against losses resulting from natural hazards frequently represent the greatest stress on risk capital by far due to the volatile nature of such claims and the conceivable amount of catastrophic damages. UNIQA has set up a specialised unit in order to deal with this problem. Exposure is constantly monitored and evaluated at the country and Group levels in cooperation with internal and external authorities. UNIQA substantially eases the pressure on its risk capital through the targeted utilisation of all applicable diversification effects and the launching of a highly efficient retrocession programme.

UNIQA Re AG has assumed almost all of the UNIQA Group's required reinsurance business ceded in the reporting period. Only in the life insurance line was a portion of the necessary cessions given directly to external reinsurance partners. The Group's retrocessions in the non-life insurance line were carried out on a non-proportional basis. The Group assumes reasonable deductibles in the affected programmes based on risk and value-based approaches.

## Approval for publication

These consolidated financial statements were prepared by the Management Board as at the date of signing and approved for publication.

Vienna, 22 March 2019



Andreas Brandstetter  
Chairman of the Management Board



Erik Leyers  
Member of the Management Board



Kurt Svoboda  
Member of the Management Board

## Declaration of the legal representatives

Pursuant to Section 82(4) of the Austrian Stock Exchange Act, the Management Board of UNIQA Insurance Group AG hereby confirms, that, to the best of our knowledge, the consolidated financial statements, which were prepared in accordance with the relevant accounting

standards, give a true and fair view of the financial position, financial performance and cash flows of the Group, and that the Group management report describes the relevant risks and uncertainties which the Group faces.


Vienna, 22 March 2019



Andreas Brandstetter  
Chairman of the Management Board



Erik Leyers  
Member of the Management Board



Kurt Svoboda  
Member of the Management Board

# Audit opinion

## Report on the consolidated financial statements

### Audit opinion

We have audited the enclosed consolidated financial statements of UNIQA Insurance Group AG, Vienna, and its subsidiaries (the Group), consisting of the consolidated statement of financial position as at 31 December 2018, the consolidated income statement from 1 January until 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated statement of changes in equity for the financial year ending on this reporting date as well as the notes to the consolidated financial statements.

In our opinion, the attached consolidated financial statements comply with the legal requirements and provide a true and fair view of the financial position and of the Group's earnings position at 31 December 2018 for the financial year ending on this reporting date, in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the EU and the additional requirements of Section 245a of the Austrian Commercial Code and the supplementary provisions of Section 138(8) of the Austrian Insurance Supervision Act.

### Basis for the audit opinion

We have conducted an audit of these financial statements in accordance with Regulation (EU) No. 537/2014 (hereafter the EU Regulation) and following the Austrian principles of proper auditing of financial statements. These principles require the application of the International Standards on Auditing (ISAs). Our responsibilities according to these regulations and standards are outlined in detail in the section of our audit opinion entitled "Responsibilities of the auditor in auditing the consolidated financial statements". Our work has been completed independently of the Group and is in line with Austrian company law and professional regulations, and our other professional duties have been discharged in line with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit assessment.

### Particularly relevant data related to the audit

Particularly relevant data related to the audit are data that, in our judgement, had a significant impact on our audit of the consolidated financial statements for the

reporting year. These areas were taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we will not issue a separate opinion on these areas.

Our discussion of these particularly important data is structured as follows:

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

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

- Relevant facts

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

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

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

- Method of audit and findings

Across the Group, we have:

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

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

- Reference to additional information

See the section in the general disclosures, in the notes to the consolidated financial statements: “Use of discretionary decisions and estimates” and “5. Technical provisions”.

## 2. Recognition and measurement of other intangible assets

- Relevant facts

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

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

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

- Method of audit and findings

We have:

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

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

- Reference to additional information

See the section in the general disclosures, in the notes to the consolidated financial statements: “Use of discretionary decisions and estimates” and “11. Intangible assets”.

**Responsibility of the Management and the Audit Committee for the consolidated financial statements**

The company’s management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a of the Austrian Commercial Code and the supplemental regulations under Section 138(8) of the Austrian Insurance Supervision Act that accurately reflects the Group’s assets, financial position and profitability. The legal representatives are additionally responsible for the internal controls which they consider to be required in order to enable the preparation of consolidated financial statements that are free from material intentional or unintentional false representations.

The legal representatives are responsible as part of the preparation of consolidated financial statements to assess the Group’s ability to continue its business activities, to provide pertinent data related to the continuation of business activities and to apply relevant accounting standards to the continuation of business activities unless the legal representatives intend to liquidate the Group or discontinue business activities or have no other realistic alternative than to do so.

The Audit Committee is responsible for monitoring the Group’s accounting processes.

**Responsibilities of the auditor in auditing the consolidated financial statements**

Our goal is to secure an adequate level of certainty that the consolidated financial statements, as a whole, are basically free of erroneous representations, whether intentional or unintentional, and to provide a report containing our audit opinion. This adequate level of certainty provides a high degree of certainty, though not a full guarantee, that an audit conducted fully in line with the EU Regulation and with the Austrian principles of proper auditing of financial statements, which stipulate the application of ISA rules, will in each case reveal any essentially false representation that may exist. False representations may be an instance of fraud or may be a result of errors and will in principal be identified as such in cases in which there is a reasonable expectation that a single instance or group of these could influence decisions taken by readers on the basis of information provided by the consolidated financial statements.

As part of any audit of financial statements that has been executed in compliance with the EU Regulation and the Austrian principles of proper auditing of financial statements, which require the application of the ISAs, we exercise due discretion and maintain a critical stance throughout the entire process of the audit.

In addition:

- We identify and evaluate risks in the statements of intended or unintended false presentations, devise substantive procedures in response to these risks, execute them and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. There is a greater risk that a false presentation resulting from fraud will not be uncovered than one resulting from error since fraud could involve deceitful collusion, falsifications, purposeful omissions, deceptive presentations or the suspension of internal control measures.
- We gain an understanding of the internal control system relevant for the audit of the consolidated financial statements in order to plan audit actions that are reasonable under the given circumstances, but not with the objective of providing an audit opinion on the effectiveness of the company’s internal control system.
- We assess the reasonableness of the accounting principles applied and of the validity of the values estimated by the legal representatives in the accounting along with an assessment of related statements.
- We draw conclusions with respect to the adequacy of the application of the going concern principle by the legal representatives and, on the basis of the audit evidence obtained, we evaluate whether any fundamental uncertainty results from circumstances or events that could create significant doubt about the Group’s ability to continue its business activities. If we come to the conclusion that a significant uncertainty does exist, we are obliged to call attention to the relevant entries in the consolidated financial statements or, if these entries are unsuitable, to modify our audit opinion. We draw our conclusions based on the audit evidence that was acquired up to the date of the audit opinion. However, future events or circumstances may result in the Group’s deviation from the going concern principle.
- We evaluate the consolidated financial statements’ overall presentation, its structure and contents, including the provided data and whether the consolidated financial statements present the business activities and circumstances in an honest and complete manner.
- We request sufficient and relevant audit evidence regarding financial information related to the units or business

activities within the Group in order to provide an audit opinion on the consolidated financial statements. We are responsible for guiding, monitoring and conducting the audit of the consolidated financial statements. We assume full and sole responsibility for our audit opinion.

We communicate with the Audit Committee regarding, among other things, the intended scope and scheduling of the audit and significant findings of the audit, including any significant shortcomings in the internal system of monitoring that we were able to identify over the course of our audit.

We provide the Audit Committee with a statement to the effect that we maintained the requirements for professional conduct and independence and provided said committee with information regarding all circumstances and facts which could reasonably be seen to have a possible effect on our independence and – when relevant – related precautionary measures.

We certify that the data that we shared with the Audit Committee were the most pertinent data in auditing the reporting year's consolidated financial statements and therefore represented particularly significant audit data. We describe this data in our audit opinion unless there are laws or other legal regulations that preclude sharing this information or we have determined, in a very small number of cases, that any the benefit of sharing certain information in the audit opinion in the interest of serving the public interest is outweighed by the probable negative effects of publication.

## Other legal and regulatory requirements

### Comments on the Group Management Report

Pursuant to statutory provisions, the Group Management Report is to be audited as to whether it is consistent with the consolidated financial statements and whether it was prepared in line with applicable legal requirements.

The legal representatives are responsible for preparing the Group Management Report in line with Austrian company law and insurance supervisory regulations.

We prepared our audit in line with professional principles related to conducting audits of management reports.

### Opinion

In our opinion, the Group Management Report has been prepared in line with applicable legal requirements and is consistent with the consolidated financial statements.

### Declaration

Based on the data collected during the audit of the consolidated financial statements and familiarity with the Group and its circumstances, we have identified no erroneous information in the Group Management Report.

### Other disclosures

The legal representatives are responsible for all other information. Other information includes all information in the annual report, excluding the consolidated financial statements, the Group Management Report and the audit opinion. The annual report was only provided after the date of the audit opinion.

Our audit opinion on the consolidated financial statements does not cover this other information, and we can offer no assurances of any kind with respect to it.

In conjunction with our audit of the consolidated financial statements, it is our responsibility to review this other information as soon as it is made available and determine whether it contradicts or compromises the validity of any of the findings of the audit in an essential way.

### Additional information in accordance with Article 10 of the EU Regulation

We were selected as the statutory auditor by the Annual General Meeting on 29 May 2017. We were appointed by

Vienna, 22 March 2019

PwC Wirtschaftsprüfung GmbH



signed:

Werner Stockreiter  
Chartered Accountant

the Supervisory Board on 9 October 2017. We have acted as statutory auditors continuously since 31 December 2013.

We hereby declare that the audit opinion in the section “Report on the consolidated financial statements” is in accordance with the additional report to the Audit Committee pursuant to Article 11 of the EU Regulation.

We hereby declare that we have not provided any prohibited non-audit services (Article 5(1) of the EU Regulation) and that we maintained our independence from the company audited in carrying out our audit of the consolidated financial statements.

### Public accountant responsible for the project

The public accountant responsible for this project is Werner Stockreiter.

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.