

Spot on.

Think



Consolidated Key Figures

In € million

	1–9/2018	1–9/2017	Change
Premiums written	3,810.0	3,671.3	+ 3.8 %
Savings portions from unit-linked and index-linked life insurance (before reinsurance)	232.3	372.5	–37.6 %
Premiums written, including savings portions from unit-linked and index-linked life insurance	4,042.3	4,043.9	–
of which property and casualty insurance	2,145.7	2,048.4	+4.7 %
of which health insurance	817.8	783.5	+4.4 %
of which life insurance	1,078.9	1,211.9	–11.0 %
of which income from regular premiums	994.3	1,005.3	–1.1 %
of which single premiums	84.6	206.6	–59.1 %
Premiums written, including savings portions from unit-linked and index-linked life insurance	4,042.3	4,043.9	–
of which UNIQA Austria	2,853.4	2,793.9	+2.1 %
of which UNIQA International	1,174.8	1,217.7	–3.5 %
of which reinsurance	860.9	856.4	+0.5 %
of which consolidation	–846.8	–824.2	+2.7 %
Premiums earned (net)	3,571.4	3,473.0	+2.8 %
of which property and casualty insurance	1,938.9	1,883.7	+2.9 %
of which health insurance	810.7	777.5	+4.3 %
of which life insurance	821.8	811.8	+1.2 %
Savings portions from unit-linked and index-linked life insurance (after reinsurance)	226.1	371.4	–39.1 %
Premiums earned, including savings portions from unit-linked and index-linked life insurance	3,797.5	3,844.4	–1.2 %
Insurance benefits¹⁾	–2,764.7	–2,659.0	+4.0 %
of which property and casualty insurance	–1,279.2	–1,241.3	+3.1 %
of which health insurance	–692.8	–652.5	+6.2 %
of which life insurance ²⁾	–792.7	–765.3	+3.6 %
Operating expenses³⁾	–951.6	–942.7	+1.0 %
of which property and casualty insurance	–594.7	–587.8	+1.2 %
of which health insurance	–130.8	–118.3	+10.5 %
of which life insurance	–226.2	–236.5	–4.3 %
Net investment income	447.2	393.6	+13.6 %
Earnings before taxes	212.4	181.4	+17.1 %
Profit/(loss) for the period	167.9	115.5	+45.4 %
Consolidated profit/(loss)	166.2	114.4	+45.3 %
Investments	19,422.1	19,526.7	–0.5 %
Shareholders' equity	2,986.2	3,107.6	–3.9 %
Equity, including non-controlling interests	2,998.0	3,122.0	–4.0 %
Insured sum in life insurance	84,888.3	75,799.3	+12.0 %

¹⁾ Including expenditure for deferred profit participation and premium refunds

²⁾ Including expenditure for (deferred) profit participation

³⁾ Less reinsurance commissions and share of profit from reinsurance ceded

Foreword by the CEO

Dear shareholders,

In the first nine months of 2018, UNIQA generated earnings before taxes of €212 million, exceeding the previous year's figure by 17 per cent. This was due to the further improvement in the combined ratio and the marked rise in net investment income.

Economic growth continues to be robust in our core markets. Thanks in part to this tailwind, we were able to increase recurring premiums by 3 per cent year on year. In property and casualty insurance, premiums rose by 5 per cent and in health insurance by 4 per cent. In life insurance, on the other hand, the targeted withdrawal of single premium business led to a decline (-11 per cent). Overall, premiums written including savings portions, remained stable compared with the previous year.

As in the first half of the year, UNIQA was also largely spared major claim loads in connection with weather events in the third quarter. We took advantage of this circumstance to make provisions for future events: the storm front, which caused severe losses in parts of Austria at the end of October, shows that we must continue to expect serious weather events and natural catastrophes.

Despite these increased provisions for future extraordinary claim loads, we succeeded in further improving our combined ratio from 97.1 per cent to 96.6 per cent in the first nine months of 2018. In contrast, rising insurance benefits in life and health insurance and higher expenses in connection with pension provisions led to a 24 per cent decline in the technical result to €74 million.

However, the 14 per cent increase in our net investment income to €447 million – primarily attributable to the extraordinary income from the sale of our stake in Casinos Austria Aktiengesellschaft in the first quarter – more than compensated for this decline. And although the income tax burden rose slightly in the first three quarters of 2018, we were able to increase earnings per share from 37 cents to 54 cents.

The positive result of the first nine months is a solid basis for the year as a whole. We therefore confirm our unchanged outlook for 2018: UNIQA will improve earnings before taxes in comparison with the previous year and increase the distribution per share again as part of the progressive dividend policy.

Sincerely,



Andreas Brandstetter
CEO UNIQA Group

Vienna, August 2018

Group Management Report

- **PREMIUMS WRITTEN (INCLUDING SAVINGS PORTIONS) STABLE AT €4,042.3 MILLION AFTER THREE QUARTERS OF 2018**
- **COMBINED RATIO IMPROVED TO 96.6 PER CENT**
- **INCREASE IN NET INVESTMENT INCOME BY 13.6 PER CENT TO €447.2 MILLION**
- **EARNINGS BEFORE TAXES INCREASED BY 17.1 PER CENT TO €212.4 MILLION**
- **EARNINGS OUTLOOK FOR 2018 CONFIRMED**

Economic environment

The global economy is expected to have reached its peak. Although the world economy continues to grow solidly, the economic cycle is unlikely to accelerate any further. Downward risks associated with protectionist tendencies in global trade have increased. The OECD expects global gross domestic product (GDP) to grow by 3.7 per cent in 2018 and 2019. In 2018, economic growth in some emerging markets will fall below that of the previous year. Turbulence on the financial markets was particularly noticeable in Argentina and Turkey, which led to a reduction in growth prospects. Compared with the US dollar, both the Argentinian peso and the Turkish lira have lost significant value since the beginning of the year. However, a currency and financial crisis that would also infect other emerging markets has so far been avoided.

Economic growth in the eurozone has slowed, but remains above potential long-term growth. While domestic demand continues to contribute positively to economic growth, external demand has weakened. With expected GDP growth of 2.0 per cent in 2018, the outlook for the eurozone remains positive due to continued supportive monetary policy, a positive business climate and continuously improving labour markets. The unemployment rate reached 8.2 per cent in July, its lowest level since 2008.

Austria recorded a very robust development of the economy as a whole. Economic researchers expect GDP to rise by 2.7 per cent, a similarly good trend as in 2017, although there are indications of a slight slowdown in the economy – as in the entire eurozone. The recovery of the Austrian labour market has so far been unbroken, with the unemployment rate falling to 4.9 per cent in July.

In the USA, economic development accelerated once again. The US Federal Reserve expects growth of 3.1 per cent in 2018. President Trump's tax reform is boosting domestic demand, at least in the short term, and monetary policy has been supportive for most of the year, even if the monetary stimulus is declining. The Fed is continuing its gradual cycle of interest rate hikes and increased the range for US key interest rates to 2 – 2.25 per cent in September. The normalisation of monetary policy and the interest rate environment is also slowly continuing in the eurozone. The ECB's quantitative easing programme will expire at the end of the year. The redemptions from maturing bonds, however, will be reinvested until further notice, so that monetary policy remains supportive. A cycle of interest rate hikes is expected to begin in autumn 2019.

Central and Eastern Europe (CEE) continues to grow strongly. Compared to the previous year, economic momentum has slowed somewhat, but remains dynamic. For the years 2018 and 2019, economic growth of 4.0 per cent and 3.5 per cent respectively is expected for CEE (excluding Russia). The economic expansion of the Central European (CE) economies continues unabated and has even accelerated in Poland and Hungary. From 2019, growth rates will converge towards long-term sustainable levels. Unemployment rates are at historic lows and labour market participation rates have risen steadily. In the Czech Republic and Slovakia in particular, the shortage of labour is leading to increasing wage pressure and accelerating inflation. In Hungary and Poland, on the other hand, core inflation rates are still comparatively low.

Thanks to its conservative economic policy and solid economic cycle, the Russian economy is generally showing a high degree of macroeconomic stability – despite the external risks (US sanctions). The Russian central bank surprisingly raised key interest rates to 7.5 per cent due to external inflation risks. In Ukraine, the economic recovery accelerated in 2018. Domestic demand is supported by rising real wages. However, inflation is expected to remain too high at 11.0 per cent.

In Romania, economic growth will slow to 4.0 per cent in 2018, and approach a level that is sustainable in the long term. Similar to the economies in CE, the situation on the Romanian labour market is increasingly improving. Wage growth is extremely dynamic and the inflation rate is already above the central bank's inflation target.

In Southeastern Europe (SEE), economic development remains predominantly positive. All economies – with the exception of Bosnia and Herzegovina as well as Macedonia – will expand by or over 3 per cent in 2018. Important growth drivers are tourism (Croatia), construction activity and investments (Serbia, Montenegro), as well as credit growth (Bosnia and Herzegovina, Albania, Kosovo, Macedonia). Supported by the good economic situation, participation rates on the labour markets are rising and confirm the positive economic trends in Southeastern Europe.

UNIQA Group

Changes in premiums

Premiums written at the UNIQA Group including savings portions from unit-linked and index-linked life insurance remained stable in the first three quarters of 2018 at €4,042.3 million (1–9/2017: €4,043.9 million). While recurring premiums rose by an encouraging 3.1 per cent to €3,957.7 million (1–9/2017: €3,837.2 million), single premiums in life insurance decreased by 59.1 per cent to €84.6 million (1–9/2017: €206.6 million) in line with Group strategy.

Premiums earned including net savings portions of the premiums from unit-linked and index-linked life insurance – totalling €226.1 million (1–9/2017: €371.4 million) – fell in the first three quarters of 2018 by 1.2 per cent to €3,797.5 million (1–9/2017: €3,844.4 million). The volume of premiums earned (net, in accordance with IFRSs) rose by 2.8 per cent to €3,571.4 million (1–9/2017: €3,473.0 million).

Premiums written in property and casualty insurance grew in the first nine months of 2018 – in Austria as well as in CEE – by 4.7 per cent to €2,145.7 million (1–9/2017: €2,048.4 million). The volume of premiums earned (net, in accordance with IFRSs) rose by 2.9 per cent to €1,938.9 million (1–9/2017: €1,883.7 million).

In health insurance, premiums written in the reporting period increased by 4.4 per cent to €817.8 million (1–9/2017: €783.5 million). Premiums earned (net, in accordance with IFRSs) rose by 4.3 per cent to €810.7 million (1–9/2017: €777.5 million).

In life insurance, the premiums written including savings portions from unit-linked and index-linked life insurance fell overall in the first nine months of 2018 by a total of 11.0 per cent to €1,078.9 million (1–9/2017: €1,211.9 million). Due to the planned withdrawal from business in the international area, single premiums declined by 59.1 per cent to €84.6 million (1–9/2017: €206.6 million) in the first three quarters of 2018. By comparison, recurring premiums fell only slightly to €994.3 million (1–9/2017: €1,005.3 million). As a result of this development, annual premium equivalent (APE) in life insurance declined by 2.3 per cent to €1,002.7 million (1–9/2017: €1,025.9 million). The APE calculation accounts for 10 per cent of single premiums because the average term of single premiums in Europe is ten years. As a result, annual fluctuations are smoothed out in this calculation. The risk-premium portion accounted for in the premiums in unit-linked and index-linked life insurance in the first three quarters of 2018 was €34.7 million (1–9/2017: €36.4 million). The insured capital in life insurance totalled €84,888.3 million on 30 September 2018 (30 September 2017: €75,799.3 million). Including net savings portions of the premiums from unit-linked and index-linked life insurance, premiums earned in life insurance fell in the first nine months of 2018 by 11.4 per cent to €1,047.9 million (1–9/2017: €1,183.2 million). Premiums earned (net, in accordance with IFRSs) increased slightly by 1.2 per cent to €821.8 million (1–9/2017: €811.8 million).

Insurance benefits

The total amount of net insurance benefits for the UNIQA Group increased in the first three quarters of 2018 by 4.0 per cent to €2,764.7 million (1–9/2017: €2,659.0 million). Insurance benefits before consideration of reinsurance rose by 5.2 per cent to €2,846.6 million (1–9/2017: €2,706.4 million).

Net insurance benefits in property and casualty insurance increased by 3.1 per cent to €1,279.2 million (1–9/2017: €1,241.3 million). Accordingly, the claims rate (after reinsurance) rose slightly to 66.0 per cent in the first nine months of 2018 (1–9/2017: 65.9 per cent). This increase also reflects a higher number of major claims as compared to fewer loss events in the previous year, and a provision for expected loss events – especially storms – in the remaining part of the year. The combined ratio after reinsurance nevertheless declined to 96.6 per cent (1–9/2017: 97.1 per cent) due to the improved cost situation. Before consideration of reinsurance, the combined ratio amounted to 94.8 per cent (1–9/2017: 93.5 per cent).

In health insurance, net insurance benefits (including the change in insurance provision) grew by 6.2 per cent to €692.8 million in the first three quarters of 2018 (1–9/2017: €652.5 million), as a result of increased profit-related and non-profit related refund expenses.

In life insurance, insurance benefits increased by 3.6 per cent to €792.7 million due to an increased allocation to profit participation (1–9/2017: €765.3 million).

Operating expenses

Total operating expenses, less reinsurance commission received, rose in the first nine months of 2018 by 1.0 per cent to €951.6 million (1–9/2017: €942.7 million). Despite the increase in premiums earned, expenses for the acquisition of insurance fell by 2.7 per cent to €627.8 million (1–9/2017: €645.5 million). UNIQA was able to successfully reduce new business commissions in life insurance. The reinsurance commission received amounting to €12.5 million (1–9/2017: €14.8 million) has already been deducted from the acquisition costs. Other operating expenses (administrative costs) rose by 9.0 per cent to €323.9 million in the first three quarters of 2018 (1–9/2017: €297.2 million) in connection with increased staff costs as well as higher expenses for pension provisions. This line item includes costs under the innovation and investment programme amounting to around €23 million (1–9/2017: approx. €25 million).

The total cost ratio, i.e. the ratio of total operating expenses to the premiums earned including net savings portions from the premiums from unit-linked and index-linked life insurance, increased slightly to 25.1 per cent (1–9/2017: 24.5 per cent), taking into account the reinsurance commission received.

In property and casualty insurance, operating expenses less reinsurance commission received rose slightly in the first three quarters of 2018 by 1.2 per cent to €594.7 million (1–9/2017: €587.8 million). The cost ratio after reinsurance fell in this business line to 30.7 per cent (1–9/2017: 31.2 per cent).

In health insurance, operating expenses less reinsurance commission received increased by 10.5 per cent to €130.8 million (1–9/2017: €118.3 million). The cost ratio (after reinsurance) amounted to 16.1 per cent (1–9/2017: 15.2 per cent).

In life insurance, operating expenses less reinsurance commission received decreased by 4.3 per cent to €226.2 million (1–9/2017: €236.5 million) on account of lower acquisition costs. The cost ratio (after reinsurance) increased to 21.6 per cent (1–9/2017: 20.0 per cent).

Investments

The UNIQA Group's investment portfolio (including investment property, financial assets accounted for using the equity method and other investments) decreased to €19,422.1 million as at 30 September 2018 compared with the last reporting date (31 December 2017: €19,877.7 million).

Net investment income rose in the first three quarters of 2018 by 13.6 per cent to €447.2 million (1–9/2017: €393.6 million). The main reason for this increase was the closing of the sale of the indirect holding in Casinos Austria Aktiengesellschaft in the first quarter of 2018. The UNIQA Group generated a capital gain of €47.4 million from this transaction. Reduced depreciation, amortisation and impairment losses on fixed-income securities also had a positive effect. Currency effects of around €21 million had a negative impact on the net investment income. As the 14.3 per cent holding in construction company STRABAG SE was accounted for using the equity method, there was a positive contribution to the results in the amount of €25.1 million in the first three quarters of 2018 (1–9/2017: €15.0 million).

Earnings before taxes

The UNIQA Group's technical result fell by 24.0 per cent to €74.4 million in the first three quarters of 2018 (1–9/2017: €97.9 million), mainly due to an increase in insurance benefits in life and health insurance. By contrast, operating profit increased by 12.1 per cent to €253.6 million (1–9/2017: €226.3 million) due to the good net investment income. Accordingly, the UNIQA Group's earnings before taxes also increased by 17.1 per cent to €212.4 million (1–9/2017: €181.4 million).

Net profit/(loss) for the first nine months of 2018 amounted to €167.9 million (1–9/2017: €115.5 million). In the same period of the previous year, this included profit/(loss) from discontinued operations (after tax) of €–33.1 million due to the sale of the Italian Group companies. Consolidated profit/(loss) (i.e. proportion of the net profit for the period attributable to the shareholders of UNIQA Insurance Group AG) increased by 45.3 per cent to €166.2 million (1–9/2017: €114.4 million). Earnings per share amounted to €0.54 (1–9/2017: €0.37).

Annualised operating return on equity (earnings before taxes and amortisation of goodwill and impairment losses in relation to average equity including non-controlling interests, and excluding the accumulated profits of the valuation of financial instruments available for sale) improved

in the first three quarters of 2018 to 10.2 per cent (1–9/2017: 9.4 per cent). The annualised return on equity (after tax and non-controlling interests) for the reporting period was 7.2 per cent (1–9/2017: 4.8 per cent).

Group equity and total assets

Equity attributable to the shareholders of UNIQA Insurance Group AG fell to €2,986.2 million as at 30 September 2018 (31 December 2017: €3,177.6 million). Non-controlling interests came to €11.8 million (31 December 2017: €15.8 million). The Group's total assets fell slightly to €28,560.3 million as at 30 September 2018 (31 December 2017: €28,743.9 million).

Cash flow

Net cash flow from operating activities amounted to €81.2 million in the first three quarters of 2018 (1–9/2017: €354.5 million). Cash flow from the UNIQA Group's investing activities, in line with investment of the revenues received in the reporting period, amounted to €205.9 million (1–9/2017: €143.6 million); the net cash flow from financing activities amounted to €–158.8 million (1–9/2017: €–154.0 million) as a result of dividend payments. Overall, cash and cash equivalents fell by €114.9 million to €778.2 million (1–9/2017: €893.1 million).

Employees

The average number of employees (full-time equivalent) of the UNIQA Group fell slightly in the first nine months of 2018 to 12,775 (1–9/2017: 12,797). These included 4,314 (1–9/2017: 4,488) field sales employees. The number of administrative employees increased to 8,461 (1–9/2017: 8,309).

Operating segments

UNIQA Austria

The premium volume written including savings portions from unit-linked and index-linked life insurance at UNIQA Austria increased in the first three quarters of 2018 by 2.1 per cent to €2,853.4 million (1-9/2017: €2,793.9 million). Recurring premiums rose by 2.2 per cent to €2,832.6 million (1-9/2017: €2,772.6 million). Single premiums fell slightly by 2.1 per cent to €20.9 million (1-9/2017: €21.3 million).

Premiums earned including savings portions from unit-linked and index-linked life insurance rose by 0.9 per cent to €2,255.1 million (1-9/2017: €2,235.2 million). The volume of premiums earned (net, in accordance with IFRSs) increased by 1.6 per cent to €2,101.5 million (1-9/2017: €2,067.6 million).

Premiums written in property and casualty insurance rose by 4.9 per cent to €1,330.3 million (1-9/2017: €1,268.5 million) due to the continuing growth in vehicle and property insurance, and in health insurance UNIQA Austria also recorded premium growth of 2.8 per cent to €758.2 million (1-9/2017: €737.8 million).

Premiums written in life insurance including savings portions from unit-linked and index-linked life insurance decreased in the UNIQA Austria segment by 2.9 per cent to €764.9 million (1-9/2017: €787.7 million). Recurring premiums fell by 2.9 per cent to €744.1 million (1-9/2017: €766.3 million). Single premiums decreased slightly to €20.9 million (1-9/2017: €21.3 million). Premiums in unit-linked and index-linked life insurance for UNIQA Austria fell in the first three quarters of 2018 by 5.4 per cent to €182.5 million (1-9/2017: €193.0 million).

Net insurance benefits rose slightly in the UNIQA Austria segment in the first nine months of 2018 by 3.1 per cent to €1,816.20 million (1-9/2017: €1,761.0 million). In property and casualty insurance, the combined ratio after reinsurance improved to 91.6 per cent (1-9/2017: 92.3 per cent) due to a merely moderate increase in insurance benefits relative to premiums earned.

Overall operating expenses, less reinsurance commission received, rose in the first three quarters of 2018 by 1.4 per cent to €406.0 million (1-9/2017: €400.4 million). The cost ratio after reinsurance therefore rose slightly to 18.0 per cent (1-9/2017: 17.9 per cent).

Net investment income decreased in the first nine months of 2018 by 3.5 per cent to €327.3 million as a result of lower liquidation proceeds than in the previous year (1-9/2017: €339.4 million). Earnings before taxes in the UNIQA Austria segment fell in the first three quarters of 2018 by 18.0 per cent to €159.1 million (1-9/2017: €193.9 million).

UNIQA International

For UNIQA International, premiums written including savings portions from unit-linked and index-linked life insurance fell overall in the first nine months of 2018 by 3.5 per cent to €1,174.8 million (1-9/2017: €1,217.7 million). As planned, single premiums fell by 65.6 per cent to €63.7 million (1-9/2017: €185.3 million). By contrast, recurring premiums rose sharply by 7.6 per cent to €1,111.1 million (1-9/2017: €1,032.4 million). The international companies thereby contributed a total of 29.1 per cent overall in the first three quarters of 2018 (1-9/2017: 30.1 per cent) to total Group premiums.

Premiums earned including net savings portions of the premiums from unit-linked and index-linked life insurance decreased by 9.7 per cent to €780.7 million (1-9/2017: €864.3 million). On the other hand, the volume of premiums earned (net, in accordance with IFRSs) increased slightly by 7.2 per cent to €708.2 million (1-9/2017: €660.5 million).

In Central Europe (CE) – i.e. Poland, Slovakia, Czech Republic, Hungary – premiums written including savings portions from unit-linked and index-linked life insurance fell by 10.4 per cent to €701.3 million in the first nine months of 2018 (1-9/2017: €782.3 million). In the region of Eastern Europe (EE) – Romania and Ukraine – an increase of 1.6 per cent to €131.2 million was recorded (1-9/2017: €129.2 million). In Southeastern Europe (SEE), comprising Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Montenegro and Serbia, the premium volume written including savings portions from unit-linked and index-linked life insurance increased by 6.5 per cent to €225.8 million (1-9/2017: €212.0 million). In Russia (RU), the volume of premiums written grew by 27.5 per cent to €75.1 million (1-9/2017: €58.9 million). In Western Europe (WE) – Liechtenstein and Switzerland – they increased by 17.0 per cent to €41.3 million (1-9/2017: €35.3 million).

Premiums written in property and casualty insurance in the UNIQA International segment rose by 7.0 per cent to €806.3 million (1-9/2017: €753.5 million) as a result of the strong growth in vehicle and property insurance. This meant the contribution of Group companies outside Austria to overall premiums in property and casualty insurance amounted to 37.6 per cent (1-9/2017: 36.8 per cent).

Premiums written in health insurance increased in the first three quarters of 2018 by 29.7 per cent to €59.6 million (1-9/2017: €46.0 million). As such, the segment was responsible for 7.3 per cent (1-9/2017: 5.9 per cent) of health insurance premiums in the UNIQA Group.

In the international life insurance business, premiums written including savings portions from unit-linked and index-linked life insurance fell in the first nine months of 2018 by 26.2 per cent to €308.9 million (1-9/2017: €418.2 million), largely driven by the decline in single premium business in unit-linked and index-linked life insurance in Poland in line with the Group's strategy. Single premiums therefore fell significantly to €63.7 million (1-9/2017: €185.3 million). By contrast, recurring premiums developed very well and rose by 5.2 per cent to €245.2 million (1-9/2017: €232.9 million). UNIQA International's share of overall life insurance premiums in the UNIQA Group was 28.6 per cent (1-9/2017: 34.5 per cent). Premiums from unit-linked and index-linked life insurance decreased sharply in the international segment by 60.9 per cent to €84.4 million (1-9/2017: €215.9 million).

In the UNIQA International segment, net insurance benefits increased in the first three quarters of 2018 by 7.2 per cent to €425.2 million (1-9/2017: €396.6 million). In property and casualty insurance, the combined ratio after reinsurance improved to 96.1 per cent (1-9/2017: 96.3 per cent). In the CE region, benefits rose by 7.0 per cent to €210.7 million (1-9/2017: €196.9 million), and in the EE region they increased by 3.2 per cent to €45.6 million (1-9/2017: €44.2 million). In SEE, they fell by 1.5 per cent to €97.9 million (1-9/2017: €99.4 million). In Russia, benefits in the first three quarters of 2018 amounted to €60.5 million (1-9/2017: €47.8 million). In Western Europe, the volume of benefits reached €10.4 million (1-9/2017: €8.3 million).

In the UNIQA International segment, operating expenses less reinsurance commissions received rose by 4.6 per cent to €272.2 million (1-9/2017: €260.2 million). The cost ratio after reinsurance increased due to the decline in single premium business in Poland to 34.9 per cent (1-9/2017: 30.1 per cent). In CE, costs rose by 6.0 per cent to €138.3 million (1-9/2017: €130.5 million), whereas in EE they fell by 5.4 per cent to €39.3 million (1-9/2017: €41.5 million). In SEE, they increased by 2.8 per cent to €68.7 million (1-9/2017: €66.8 million). Costs in Russia showed an increase in the first nine months of 2018 to €9.5 million (1-9/2017: €9.2 million). In Western Europe, they fell to €2.1 million (1-9/2017: €2.7 million). Costs in administration (UNIQA International AG) increased to €14.3 million (1-9/2017: €9.4 million).

Net investment income increased in the UNIQA International segment by 32.7 per cent to €63.5 million (1-9/2017: €47.9 million). Earnings before taxes increased by 49.7 per cent to €45.3 million (1-9/2017: €30.3 million).

Reinsurance

Premiums written in reinsurance in the first three quarters of 2018 amounted to €860.9 million (1-9/2017: €856.4 million). Premiums written in property and casualty insurance rose by 0.3 per cent to €824.5 million (1-9/2017: €821.7 million). In health insurance, they amounted to €6.0 million (1-9/2017: €1.7 million) and in life insurance to €30.3 million (1-9/2017: €33.0 million).

Net insurance benefits in the reinsurance segment remained unchanged at €527.2 million (1-9/2017: €527.3 million). Operating expenses, less reinsurance commission received, fell by 8.3 per cent to €225.1 million (1-9/2017: €245.6 million). Net investment income amounted to €14.5 million (1-9/2017: €22.9 million). Earnings before taxes rose to €13.9 million (1-9/2017: €11.3 million).

Group functions

In the Group functions segment, operating expenses less reinsurance commission received rose by 8.2 per cent in the first three quarters of 2018 to €43.0 million (1-9/2017: €39.8 million). Net investment income increased to €82.8 million due to the sale of the indirect holding in Casinos Austria Aktiengesellschaft (1-9/2017: €41.1 million). As a result, earnings before taxes improved to €-1.0 million (1-9/2017: €-39.8 million).

Capital market

UNIQA shares – key figures

In €	1–9/2018	1–9/2017	Change
UNIQA share price as at 30 September	8.61	8.86	–2.8%
High	10.46	8.87	–
Low	7.80	7.09	–
Market capitalisation as at 30 September (in € million)	2,643.0	2,719.7	–2.8%
Earnings per share	0.54	0.37	+45.3%
Average number of shares in circulation	306,965,261	306,965,261	–

Rising corporate profits and persistently favourable economic data contributed to an overall friendly stock market climate in the third quarter of 2018. Compared to the last day of 2017, the MSCI World grew by 3.8 per cent by the end of September 2018, thus more than compensating for the significant price correction in the first quarter of the year. However, the overall positive development of the stock markets is characterised by considerable regional differences.

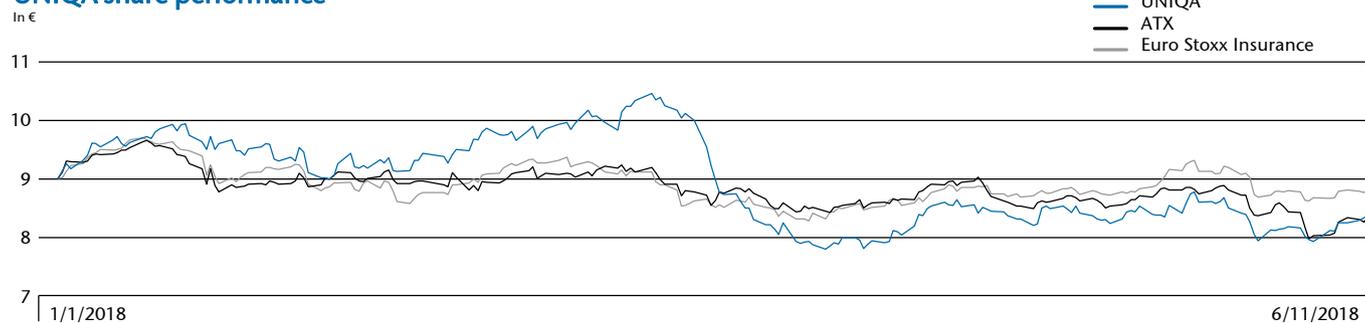
The US stock markets performed particularly well. So far this year, the Dow Jones Industrial (DJI) has risen by 7.0 per cent. Market drivers were the continuing strong economy and the opinion of investors that the current trade policy disputes are less burdensome for the US than for export-oriented economies. Conversely, most European stock markets – with a focus on export-oriented companies and a lower representation of technology-oriented growth stocks – recovered only hesitantly from the market slump in the first quarter. The Euro Stoxx 50 rose by only 0.1 per cent in the third quarter, lagging 3.0 per cent behind the year-end value for 2017 after three quarters.

As expected, the trend towards interest rate hikes in the US put pressure on the emerging markets' stock markets. The MSCI Emerging Market Index fell by 9.5 per cent during the course of the year so far. In the first three quarters of 2018, the Eastern Europe index CECE fell by a total of 8.1 per cent, although the very weak first half of the year contrasted with a significant rise in the index in the third quarter (+6.7 per cent).

With a 2.7 per cent rise in the ATX index in the third quarter of 2018, the Vienna Stock Exchange clearly outperformed the overall European share price. Nevertheless, the ATX at the end of September 2018 was 2.2 per cent below its level at the end of 2017, as the Vienna Stock Exchange – despite the very good economic situation in Austria and the positive earnings performance of listed companies – was unable to completely escape the general reluctance of global investors to invest in strongly export-oriented European economies. The positive earnings development of the companies is reflected not least in attractive dividends.

At the start of the third quarter of 2018, the price of the UNIQA share rose, and then fluctuated between €8.20 and €8.70. The share price on 30 September 2018 was €8.61. The price subsequently fell slightly and the UNIQA share price reached €8.35 on 6 November 2018. Compared with the 2017 year-end price (€8.82), this equates to a fall of 5.3 per cent.

UNIQA share performance



UNIQA shares – information

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

Financial calendar

21 February 2019	Preliminary Figures 2018
10 April 2019	Group Report 2018, Economic Capital Report 2018
10 May 2019	Record date for the Annual General Meeting
16 May 2019	First Quarter Report 2019, Solvency and Financial Condition Report 2018
20 May 2019	Annual General Meeting
29 May 2019	Ex-dividend date
31 May 2019	Dividend record date
3 June 2019	Dividend payment date
28 August 2019	Half-Year Financial Report 2019
20 November 2019	First to Third Quarter Report 2019

Significant events after the reporting date

Changes in accounting and valuation assumptions

In October 2018, the Actuarial Association of Austria (AVÖ) issued recommendations for the application of changed calculation principles for pension insurance. The application of the amendments is expected to result in an adjustment of provisions for social capital of around €43 million at the end of 2018. The revaluation of defined benefit obligations will result in losses of an expected €43 million recognised in equity.

Outlook

UNIQA expects the total premium volume to remain largely stable for 2018. Premium growth of around 4 per cent is expected in property and casualty insurance in 2018. In line with the long-term trend, UNIQA also anticipates growth of more than 3 per cent in health insurance, driven primarily by business in Austria. In contrast, a decline is expected in life insurance. The deliberate reduction in single premium business in particular, especially in CEE, along with the persistent decline in classic life insurance in Austria, will result in a drop in premiums in this segment.

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

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

UNIQA aims to improve the combined ratio (after reinsurance) further in 2018 as compared with 2017. Increased profitability in the core technical business for property and casualty insurance should provide the basis for this.

Overall, UNIQA is expecting an improvement in earnings before taxes once again for the 2018 financial year. UNIQA also intends to continue increasing its annual distribution per share over the next few years as part of a progressive dividend policy.

Consolidated Interim Financial Statements

GENERAL DISCLOSURES

Accounting principles

The consolidated interim financial statements as at 30 September 2018 were prepared in accordance with the requirements of IAS 34 and the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) recognised by the European Union (EU) as well as the interpretations of the IFRS Interpretations Committee. The additional requirements of Section 245a(1) of the Austrian Commercial Code and Section 138(8) of the Austrian Insurance Supervision Act were met.

The accounting, measurement and consolidation principles correspond to those applied in the consolidated financial statements as at 31 December 2017. The functional currency for UNIQA Insurance Group AG is the euro.

In preparing the quarterly financial statements, estimates and planning have been used to a greater extent than for annual reporting.

The consolidated interim financial statements were prepared in millions of euros (rounded based on commercial rounding methods). Rounding differences may occur when totalling rounded amounts and percentages.

Adoption of new and revised standards

IFRS 2 Share-based Payment

The amendments of IFRS 2 were incorporated into European law on 26 February 2018 and have been applicable since 1 January 2018. The standard includes the classification and measurement of transactions with share-based payment.

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 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.

IAS 19 Employee Benefits

On 7 February 2018, the IASB published amendments to IAS 19 relating to plan amendment, curtailment and settlement. The amendments are effective for financial years that begin after 1 January 2019. Early adoption is permitted. UNIQA does not plan to adopt the changes to the standard ahead of time. It has not yet been endorsed by the EU.

Framework

On 29 March 2018, the IASB published the updated framework, which includes revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure. The updated framework has not yet been endorsed by the EU.

The amendments of the framework, IFRS 2 and IAS 19 are not expected to have a significant impact on UNIQA's net assets, financial position and results of operations.

IFRS 9 Financial Instruments

UNIQA applied the deferral approach for IFRS 9. As a result, the date of first-time adoption of IFRS 17 will be postponed until 1 January 2021, provided that the standard is endorsed by the EU. Since UNIQA's business is predominantly insurance-related and UNIQA has not yet adopted IFRS 9 in any other version, a deferral to apply IFRS 9 for the first time is permitted until 1 January 2021. For associated companies that have been applying IFRS 9 since 1 January 2018, UNIQA has exercised the option of including them in the consolidated interim 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 Group's entire securities portfolio has been completed.

According to initial test calculations on the basis of the investment portfolio as at 31 December 2017, the overwhelming part of the UNIQA portfolio has passed the SPPI test.

Requirements for SPPI fulfilled in per cent¹⁾

	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%	5%	-	0%	0%
Available-for-sale financial assets	0%	78%	-	-	-
Loans and receivables	-	0%	98%	-	-
Total	0%	83%	98%	0%	0%

¹⁾ Classification according to IAS 39

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. The portion of the UNIQA portfolio that does not fulfil the SPPI criteria will be accounted for at fair value in future.

The next project phase includes systemic quality assurance, validation of the plausibility and a detailed analysis of the SPPI test results, where more complex financial instruments will be put under particular scrutiny.

The logic of the business models is based on IFRS 9, and they are now also subject to a validation of their plausibility. As expected, the hold-and-sell business model accounts for a large part of UNIQA's business.

As part of the project, a comprehensive impact study will be developed, in particular with regard to the relationship and interdependencies resulting from the changes introduced by IFRS 17.

Impairment

The logic of the model according to which future impairment will be recognised is currently being prepared. In addition, we are in the process of testing the use of suitable tools to illustrate the required calculatory algorithms and expect initial impact results for the end of the year.

IFRS 16 Leases

IFRS 16 will replace the current accounting regulations for leases as of 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.

There are around 1,400 contracts across the entire Group which fall within the scope of IFRS 16 and for which UNIQA is lessee. Most of the portfolio is made up of standard contracts that are not very complex and on the whole relates to real estate and in part to operating and office equipment. The lease payments recorded each year amount to around €30 million. The average contract term is between three and five years. There is an increase in the total assets and liabilities stated in the balance sheet as a result of the capitalisation of the usage rights and the statement of the corresponding obligations on the liabilities side; the most recent calculations suggest that this will be around 0.6 per cent of the total assets. There will be no material impact on the items in the income statement and no differences in the statements made as a result of the regulations in IFRS 16.

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.

Consolidated Statement of Financial Position

Assets

In € million

	Notes	30/9/2018	31/12/2017
Property, plant and equipment		309.4	310.6
Intangible assets		1,605.6	1,529.5
Investments			
Investment property	1	1,077.0	1,233.9
Financial assets accounted for using the equity method		570.5	560.9
Other investments	1	17,774.6	18,082.8
Unit-linked and index-linked life insurance investments		4,902.9	5,034.5
Reinsurers' share of technical provisions		352.0	316.1
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance		285.1	292.0
Receivables, including insurance receivables		736.1	675.9
Income tax receivables		56.6	43.3
Deferred tax assets		5.0	4.7
Cash and cash equivalents		778.2	650.3
Assets in disposal groups held for sale	6	107.4	9.3
Total assets		28,560.3	28,743.9

Equity and liabilities

In € million

	Notes	30/9/2018	31/12/2017
Total equity			
Portion attributable to shareholders of UNIQA Insurance Group AG			
Subscribed capital and capital reserves		1,789.9	1,789.9
Treasury shares		-16.6	-16.6
Accumulated results		1,212.9	1,404.3
		2,986.2	3,177.6
Non-controlling interests		11.8	15.8
		2,998.0	3,193.4
Liabilities			
Subordinated liabilities	1	846.6	846.4
Technical provisions		17,468.8	17,346.3
Technical provisions for unit-linked and index-linked life insurance		4,853.2	5,019.3
Financial liabilities	1	39.9	38.6
Other provisions		791.0	809.8
Liabilities and other items classified as liabilities		1,205.5	1,127.3
Income tax liabilities		74.5	54.4
Deferred tax liabilities		277.5	308.2
Liabilities in disposal groups held for sale	6	5.3	0.0
		25,562.3	25,550.5
Total equity and liabilities		28,560.3	28,743.9

Consolidated Income Statement

In € million

	Notes	1–9/2018	1–9/2017	7–9/2018	7–9/2017
Premiums earned (net)	3	3,571.4	3,473.0	1,185.9	1,158.1
Technical interest income		247.3	256.6	82.6	90.8
Other insurance income		15.0	13.3	5.5	3.9
Insurance benefits	4	-2,764.7	-2,659.0	-928.0	-910.0
Operating expenses	5	-951.6	-942.7	-309.0	-296.9
Other technical expenses		-43.0	-43.3	-14.1	-19.6
Technical result		74.4	97.9	22.9	26.2
Net investment income	2	447.2	393.6	158.3	160.1
Income from investments		683.6	746.7	224.0	237.7
Expenses from investments		-316.6	-374.4	-91.6	-103.7
Financial assets accounted for using the equity method		80.2	21.3	25.9	26.1
Other income		30.4	35.0	3.4	6.1
Reclassification of technical interest income		-247.3	-256.6	-82.6	-90.8
Other expenses		-51.2	-43.6	-15.9	-0.6
Non-technical result		179.2	128.4	63.1	74.8
Operating profit/(loss)		253.6	226.3	86.1	101.0
Amortisation of goodwill and impairment losses		-1.9	-4.2	-0.7	-1.4
Finance costs		-39.2	-40.7	-13.8	-13.6
Earnings before taxes		212.4	181.4	71.6	85.9
Income taxes		-44.6	-32.8	-14.9	-13.1
Profit/(loss) for the period from continuing operations		167.9	148.5	56.7	72.8
Profit/(loss) from discontinued operations (after tax)	7	0.0	-33.1	0.0	0.3
Profit/(loss) for the period		167.9	115.5	56.7	73.2
of which attributable to shareholders of UNIQA Insurance Group AG		166.2	114.4	56.3	73.1
of which attributable to non-controlling interests		1.7	1.1	0.4	0.1
Earnings per share (in €)¹⁾		0.54	0.37	0.18	0.24
Earnings per share from continuing operations		0.54	0.48	0.18	0.24
Earnings per share from discontinued operations		0.00	-0.11	0.00	0.00
Average number of shares in circulation		306,965,261	306,965,261	306,965,261	306,965,261

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

Consolidated Statement of Comprehensive Income

In € million

1–9/2018

1–9/2017

	1–9/2018	1–9/2017
Profit/(loss) for the period	167.9	115.5
Items not reclassified to profit or loss in subsequent periods		
Revaluations of defined benefit obligations		
Gains (losses) recognised in equity	–2.5	0.1
Gains (losses) recognised in equity – deferred tax	0.5	0.0
Gains (losses) recognised in equity – deferred profit participation	0.3	0.0
Other income from financial assets accounted for using the equity method		
Gains (losses) recognised in equity	3.7	2.2
	2.1	2.3
Items reclassified to profit or loss in subsequent periods		
Currency translation		
Gains (losses) recognised in equity	–8.5	–1.8
Valuation of financial instruments available for sale		
Gains (losses) recognised in equity	–290.9	–115.3
Gains (losses) recognised in equity – deferred tax	41.4	3.9
Gains (losses) recognised in equity – deferred profit participation	116.9	130.4
Recognised in the consolidated income statement	–64.3	–193.6
Recognised in the consolidated income statement – deferred tax	–7.7	26.4
Recognised in the consolidated income statement – deferred profit participation	9.6	99.2
Other income from financial assets accounted for using the equity method		
Gains (losses) recognised in equity	–4.1	4.0
Recognised in the consolidated income statement	0.1	0.0
	–207.4	–46.7
of which from discontinued operations	0.0	–16.9
Other comprehensive income	–205.3	–44.4
Total comprehensive income	–37.4	71.1
of which attributable to shareholders of UNIQA Insurance Group AG	–36.4	72.0
of which attributable to non-controlling interests	–1.1	–0.9

Consolidated Statement of Cash Flows

In € million

	1–9/2018	1–9/2017
Profit/(loss) for the period	167.9	115.5
Impairment losses, amortisation of goodwill and other intangible assets, and depreciation of property, plant and equipment	28.2	32.2
Impairment losses/reversal of impairment losses on other investments	55.3	126.6
Gain/loss on the disposal of investments	–46.7	–40.1
Change in deferred acquisition costs	–25.5	–2.8
Change in securities at fair value through profit or loss	–62.3	–60.4
Change in direct insurance receivables	–16.3	–51.5
Change in other receivables	–47.9	–92.1
Change in direct insurance liabilities	–52.6	7.8
Change in other liabilities	153.1	58.1
Change in technical provisions	54.2	124.6
Change in defined benefit obligations	–2.2	–6.1
Change in deferred tax assets and deferred tax liabilities	3.3	20.7
Change in other statement of financial position items	–127.3	121.9
Net cash flow from operating activities	81.2	354.5
of which from discontinued operations	0.0	258.2
Proceeds from disposal of intangible assets and property, plant and equipment	5.4	2.1
Payments for acquisition of intangible assets and property, plant and equipment	–84.1	–47.2
Proceeds from disposal of consolidated companies	56.9	294.0
Proceeds from disposal and maturity of other investments	3,937.2	3,956.6
Payments for acquisition of other investments	–3,841.1	–3,990.3
Change in unit-linked and index-linked life insurance investments	131.6	–71.8
Net cash flow from investing activities	205.9	143.6
of which from discontinued operations	0.0	35.3
Dividend payments	–158.1	–153.0
Payments from other financing activities	–0.7	–0.9
Net cash flow from financing activities	–158.8	–154.0
of which from discontinued operations	0.0	0.0
Change in cash and cash equivalents	128.3	344.1
of which from discontinued operations	0.0	293.5
Change in cash and cash equivalents due to movements in exchange rates	–0.4	–0.9
Cash and cash equivalents at beginning of year	650.3	549.9
Cash and cash equivalents at end of period	778.2	893.1
Income taxes paid (Net cash flow from operating activities)	–31.0	–9.9
Interest paid (Net cash flow from operating activities)	–65.9	–73.5
Interest received (Net cash flow from operating activities)	293.9	333.5
Dividends received (Net cash flow from operating activities)	52.1	17.9

Consolidated Statement of Changes in Equity

In € million				Accumulated
	Subscribed capital and capital reserves	Treasury shares	Valuation of financial instruments available for sale	Revaluations of defined benefit obligations
At 1 January 2017	1,789.9	- 16.6	453.7	- 187.0
Change in basis of consolidation		0.0	- 45.5	
Dividends to shareholders				
Total comprehensive income			- 47.4	0.0
Profit/(loss) for the period				
Other comprehensive income			- 47.4	0.0
At 30 September 2017	1,789.9	- 16.6	360.8	- 187.0
At 1 January 2018	1,789.9	- 16.6	377.4	- 184.1
Change in basis of consolidation				
Dividends to shareholders				
Total comprehensive income			- 192.7	- 1.6
Profit/(loss) for the period				
Other comprehensive income			- 192.7	- 1.6
At 30 September 2018	1,789.9	- 16.6	184.7	- 185.6

results

	Differences from currency translation	Other accumulated results	Portion attributable to shareholders of UNIQA Insurance Group AG	Non-controlling interests	Total equity
	-174.0	1,320.3	3,186.3	26.5	3,212.8
		45.3	-0.2	-8.7	-8.9
		-150.4	-150.4	-2.6	-153.0
	-1.3	120.6	72.0	-0.9	71.1
		114.4	114.4	1.1	115.5
	-1.3	6.2	-42.4	-2.0	-44.4
	-175.2	1,335.7	3,107.6	14.4	3,122.0
	-173.2	1,384.2	3,177.6	15.8	3,193.4
		1.5	1.5	-1.3	0.2
		-156.6	-156.6	-1.6	-158.1
	-8.1	165.9	-36.4	-1.1	-37.4
		166.2	166.2	1.7	167.9
	-8.1	-0.3	-202.5	-2.7	-205.3
	-181.3	1,395.1	2,986.2	11.8	2,998.0

Segment Reporting

OPERATING SEGMENTS – CONSOLIDATED INCOME STATEMENT

In € million	UNIQA Austria		UNIQA International	
	1–9/2018	1–9/2017	1–9/2018	1–9/2017
Premiums written (gross), including savings portions from unit-linked and index-linked life insurance	2,853.4	2,793.9	1,174.8	1,217.7
Premiums earned (net), including savings portions from unit-linked and index-linked life insurance	2,255.1	2,235.2	780.7	864.3
Savings portions from unit-linked and index-linked life insurance (gross)	159.8	168.7	72.5	203.8
Savings portions from unit-linked and index-linked life insurance (net)	153.6	167.6	72.5	203.8
Premiums written (gross)	2,693.6	2,625.2	1,102.3	1,013.9
Premiums earned (net)	2,101.5	2,067.6	708.2	660.5
Premiums earned (net) – intragroup	–497.6	–473.8	–294.1	–271.8
Premiums earned (net) – external	2,599.1	2,541.4	1,002.3	932.4
Technical interest income	227.9	236.8	19.4	19.8
Other insurance income	2.4	2.3	15.1	12.5
Insurance benefits	–1,816.2	–1,761.0	–425.2	–396.6
Operating expenses	–406.0	–400.4	–272.2	–260.2
Other technical expenses	–19.6	–22.0	–24.1	–24.4
Technical result	90.0	123.3	21.1	11.6
Net investment income	327.3	339.4	63.5	47.9
Income from investments	500.0	611.7	77.8	74.7
Expenses from investments	–191.3	–285.9	–14.5	–27.1
Financial assets accounted for using the equity method	18.6	13.6	0.2	0.2
Other income	1.7	5.6	8.3	10.0
Reclassification of technical interest income	–227.9	–236.8	–19.4	–19.8
Other expenses	–11.9	–17.0	–24.4	–13.2
Non-technical result	89.3	91.2	28.1	24.9
Operating profit/(loss)	179.3	214.5	49.2	36.5
Amortisation of goodwill and impairment losses	–1.4	–1.8	–0.5	–2.4
Finance costs	–18.8	–18.8	–3.3	–3.8
Earnings before taxes from continuing operations	159.1	193.9	45.3	30.3
Combined ratio (property and casualty insurance, after reinsurance)	91.6 %	92.3 %	96.1 %	96.3 %
Cost ratio (after reinsurance)	18.0 %	17.9 %	34.9 %	30.1 %

Reinsurance		Group functions		Consolidation		Group	
1–9/2018	1–9/2017	1–9/2018	1–9/2017	1–9/2018	1–9/2017	1–9/2018	1–9/2017
860.9	856.4	0.0	0.0	–846.8	–824.2	4,042.3	4,043.9
755.7	773.1	0.0	0.0	5.9	–28.3	3,797.5	3,844.4
0.0	0.0	0.0	0.0	0.0	0.0	232.3	372.5
0.0	0.0	0.0	0.0	0.0	0.0	226.1	371.4
860.9	856.4	0.0	0.0	–846.8	–824.2	3,810.0	3,671.3
755.7	773.1	0.0	0.0	5.9	–28.3	3,571.4	3,473.0
785.7	774.0	0.0	0.0	5.9	–28.3	0.0	0.0
–30.0	–0.8	0.0	0.0	0.0	0.0	3,571.4	3,473.0
0.0	0.0	0.0	0.0	0.0	0.0	247.3	256.6
0.3	0.4	0.2	0.4	–2.9	–2.3	15.0	13.3
–527.2	–527.3	7.2	7.6	–3.3	18.3	–2,764.7	–2,659.0
–225.1	–245.6	–43.0	–39.8	–5.3	3.3	–951.6	–942.7
–9.2	–8.9	–0.7	–1.0	10.6	13.1	–43.0	–43.3
–5.5	–8.3	–36.3	–32.8	5.1	4.1	74.4	97.9
14.5	22.9	82.8	41.1	–41.0	–57.7	447.2	393.6
28.4	32.4	134.2	106.9	–56.7	–79.0	683.6	746.7
–13.8	–9.5	–102.8	–68.8	5.8	16.8	–316.6	–374.4
0.0	0.0	51.4	3.1	10.0	4.5	80.2	21.3
10.9	3.0	13.3	13.1	–3.8	3.3	30.4	35.0
0.0	0.0	0.0	0.0	0.0	0.0	–247.3	–256.6
–3.9	–4.1	–13.0	–11.6	2.0	2.2	–51.2	–43.6
21.6	21.8	83.1	42.6	–42.8	–52.2	179.2	128.4
16.1	13.5	46.7	9.8	–37.7	–48.0	253.6	226.3
0.0	0.0	0.0	0.0	0.0	0.0	–1.9	–4.2
–2.2	–2.2	–47.7	–49.6	32.8	33.6	–39.2	–40.7
13.9	11.3	–1.0	–39.8	–4.9	–14.4	212.4	181.4
99.5%	99.7%	n/a	n/a	n/a	n/a	96.6%	97.1%
29.8%	31.8%	n/a	n/a	n/a	n/a	25.1%	24.5%

OPERATING SEGMENTS – CLASSIFIED BY BUSINESS LINE

Property and casualty insurance

In € million	UNIQA Austria		UNIQA International	
	1–9/2018	1–9/2017	1–9/2018	1–9/2017
Premiums written (gross)	1,330.3	1,268.5	806.3	753.5
Premiums earned (net)	766.3	743.2	430.4	411.1
Other insurance income	1.7	1.6	11.5	8.5
Insurance benefits	–514.0	–507.4	–254.3	–240.3
Operating expenses	–187.5	–178.8	–159.1	–155.4
Other technical expenses	–5.9	–5.4	–22.2	–22.6
Technical result	60.6	53.1	6.3	1.3
Net investment income	33.2	24.4	20.8	20.4
Income from investments	101.2	107.8	26.9	31.9
Expenses from investments	–68.3	–83.6	–6.4	–11.6
Financial assets accounted for using the equity method	0.3	0.2	0.2	0.2
Other income	1.3	4.5	3.3	4.9
Other expenses	–9.7	–12.9	–9.0	–9.4
Non-technical result	24.9	16.0	15.1	15.9
Operating profit/(loss)	85.4	69.2	21.4	17.2
Amortisation of goodwill and impairment losses	0.0	0.0	–0.3	–2.2
Finance costs	0.0	0.0	–3.2	–3.8
Earnings before taxes from continuing operations	85.4	69.2	17.9	11.3

Health insurance

In € million	UNIQA Austria		UNIQA International	
	1–9/2018	1–9/2017	1–9/2018	1–9/2017
Premiums written (gross)	758.2	737.8	59.6	46.0
Premiums earned (net)	755.8	734.7	48.9	41.2
Technical interest income	63.3	60.7	0.0	0.0
Other insurance income	0.3	0.2	0.1	0.1
Insurance benefits	–665.8	–634.0	–30.0	–25.6
Operating expenses	–101.0	–92.4	–17.4	–14.7
Other technical expenses	–0.6	–0.1	–0.3	–0.2
Technical result	52.1	69.2	1.3	0.8
Net investment income	75.7	91.7	0.6	0.1
Income from investments	158.1	212.6	0.9	0.5
Expenses from investments	–90.2	–126.5	–0.4	–0.4
Financial assets accounted for using the equity method	7.7	5.7	0.0	0.0
Other income	0.1	0.5	2.3	2.4
Reclassification of technical interest income	–63.3	–60.7	0.0	0.0
Other expenses	–1.3	–2.0	–2.3	–2.1
Non-technical result	11.1	29.4	0.5	0.3
Operating profit/(loss)	63.2	98.6	1.8	1.1
Earnings before taxes from continuing operations	63.2	98.6	1.8	1.1

Reinsurance		Group functions		Consolidation		Group	
1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017
824.5	821.7	0.0	0.0	-815.5	-795.2	2,145.7	2,048.4
737.1	757.0	0.0	0.0	5.1	-27.5	1,938.9	1,883.7
0.2	0.2	0.2	0.4	-2.7	-2.1	10.9	8.6
-509.8	-512.8	0.3	0.1	-1.3	19.0	-1,279.2	-1,241.3
-223.7	-242.1	-21.1	-15.1	-3.2	3.6	-594.7	-587.8
-6.7	-6.2	-0.3	-0.4	6.5	8.7	-28.5	-26.0
-2.9	-4.0	-20.9	-15.0	4.4	1.7	47.5	37.1
7.7	15.6	84.3	34.3	-24.1	-18.4	121.8	76.4
21.5	25.1	102.7	69.2	-29.7	-33.7	222.6	200.3
-13.8	-9.5	-67.8	-36.3	0.2	10.6	-156.0	-130.5
0.0	0.0	49.4	1.5	5.3	4.7	55.2	6.5
10.8	3.0	9.6	11.4	-2.1	1.5	23.1	25.4
-3.8	-4.1	-9.2	-9.3	1.1	2.3	-30.5	-33.5
14.7	14.6	84.8	36.4	-25.1	-14.7	114.3	68.3
11.8	10.6	63.9	21.4	-20.6	-13.0	161.8	105.4
0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.2
-2.2	-2.2	-42.8	-44.4	9.1	9.7	-39.1	-40.6
9.6	8.4	21.0	-22.9	-11.5	-3.3	122.4	62.6

Reinsurance		Group functions		Consolidation		Group	
1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017
6.0	1.7	0.0	0.0	-6.0	-2.0	817.8	783.5
5.8	1.6	0.0	0.0	0.1	0.0	810.7	777.5
0.0	0.0	0.0	0.0	0.0	0.0	63.3	60.7
0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
-4.0	-0.3	7.0	7.4	0.1	-0.1	-692.8	-652.5
-0.9	-0.8	-11.9	-10.9	0.5	0.4	-130.8	-118.3
0.0	0.0	-0.2	-0.3	0.0	0.0	-1.0	-0.6
0.9	0.6	-5.1	-3.7	0.7	0.3	49.8	67.2
0.0	0.0	-3.7	-3.1	-2.6	-8.1	70.0	80.6
0.0	0.0	0.3	0.7	-4.9	-8.3	154.4	205.5
0.0	0.0	-4.2	-4.2	0.6	0.5	-94.2	-130.6
0.0	0.0	0.3	0.3	1.8	-0.3	9.8	5.7
0.0	0.0	2.8	1.6	-0.9	1.5	4.3	5.9
0.0	0.0	0.0	0.0	0.0	0.0	-63.3	-60.7
0.0	0.0	-2.9	-1.5	0.3	0.5	-6.3	-5.2
0.0	0.0	-3.8	-3.1	-3.3	-6.1	4.6	20.5
0.9	0.6	-8.9	-6.7	-2.6	-5.8	54.5	87.7
0.9	0.6	-9.0	-6.8	-2.5	-5.8	54.4	87.7

Life insurance

In € million	UNIQA Austria		UNIQA International	
	1–9/2018	1–9/2017	1–9/2018	1–9/2017
Premiums written (gross), including savings portions from unit-linked and index-linked life insurance	764.9	787.7	308.9	418.2
Premiums earned (net), including savings portions from unit-linked and index-linked life insurance	732.9	757.3	301.4	412.1
Savings portions from unit-linked and index-linked life insurance (gross)	159.8	168.7	72.5	203.8
Savings portions from unit-linked and index-linked life insurance (net)	153.6	167.6	72.5	203.8
Premiums written (gross)	605.1	618.9	236.4	214.4
Premiums earned (net)	579.4	589.7	228.9	208.3
Technical interest income	164.6	176.1	19.4	19.8
Other insurance income	0.3	0.5	3.5	3.9
Insurance benefits	–636.4	–619.6	–140.9	–130.7
Operating expenses	–117.5	–129.2	–95.6	–90.1
Other technical expenses	–13.2	–16.5	–1.7	–1.6
Technical result	–22.7	1.0	13.5	9.4
Net investment income	218.5	223.3	42.2	27.3
Income from investments	240.7	291.3	49.9	42.3
Expenses from investments	–32.7	–75.7	–7.7	–15.0
Financial assets accounted for using the equity method	10.5	7.7	0.0	0.0
Other income	0.3	0.6	2.7	2.8
Reclassification of technical interest income	–164.6	–176.1	–19.4	–19.8
Other expenses	–0.9	–2.0	–13.1	–1.6
Non-technical result	53.3	45.7	12.4	8.7
Operating profit/(loss)	30.6	46.8	25.9	18.1
Amortisation of goodwill and impairment losses	–1.4	–1.8	–0.2	–0.2
Finance costs	–18.8	–18.8	–0.1	0.0
Earnings before taxes from continuing operations	10.4	26.2	25.6	17.9

UNIQA INTERNATIONAL – REGIONS

In € million	Premiums earned (net)		Net investment income		Insurance benefits		Operating expenses		Earnings before taxes from continuing operations	
	1–9/2018	1–9/2017	1–9/2018	1–9/2017	1–9/2018	1–9/2017	1–9/2018	1–9/2017	1–9/2018	1–9/2017
Western Europe (WE)	12.4	11.3	0.3	–0.6	–10.4	–8.3	–2.1	–2.7	–0.1	0.2
Central Europe (CE)	372.7	344.5	19.2	21.1	–210.7	–196.9	–138.3	–130.5	32.0	25.8
Eastern Europe (EE)	83.8	84.1	6.8	6.2	–45.6	–44.2	–39.3	–41.5	4.5	1.2
Southeastern Europe (SEE)	167.8	164.9	16.9	14.7	–97.9	–99.4	–68.7	–66.8	11.9	9.2
Russia (RU)	71.4	55.7	20.5	8.5	–60.5	–47.8	–9.5	–9.2	12.4	7.2
Administration	0.0	0.0	–0.3	–2.0	0.0	0.0	–14.3	–9.4	–15.5	–13.3
Total	708.2	660.5	63.5	47.9	–425.2	–396.6	–272.2	–260.2	45.3	30.3

Reinsurance		Group functions		Consolidation			Group
1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017
30.3	33.0	0.0	0.0	-25.3	-27.0	1,078.9	1,211.9
12.9	14.6	0.0	0.0	0.7	-0.8	1,047.9	1,183.2
0.0	0.0	0.0	0.0	0.0	0.0	232.3	372.5
0.0	0.0	0.0	0.0	0.0	0.0	226.1	371.4
30.3	33.0	0.0	0.0	-25.3	-27.0	846.5	839.4
12.9	14.6	0.0	0.0	0.7	-0.8	821.8	811.8
0.0	0.0	0.0	0.0	0.0	0.0	184.0	195.9
0.1	0.2	0.0	0.0	-0.2	-0.2	3.7	4.3
-13.5	-14.3	0.0	0.0	-2.1	-0.6	-792.7	-765.3
-0.5	-2.7	-10.0	-13.8	-2.6	-0.6	-226.2	-236.5
-2.5	-2.7	-0.3	-0.3	4.1	4.5	-13.5	-16.7
-3.4	-5.0	-10.3	-14.1	0.0	2.2	-22.9	-6.4
6.9	7.3	2.2	9.9	-14.2	-31.2	255.5	236.6
6.9	7.3	31.2	37.0	-22.0	-37.0	306.6	340.9
0.0	0.0	-30.8	-28.3	4.9	5.8	-66.3	-113.3
0.0	0.0	1.8	1.3	2.8	0.1	15.2	9.1
0.0	0.0	0.8	0.1	-0.8	0.4	3.1	3.8
0.0	0.0	0.0	0.0	0.0	0.0	-184.0	-195.9
0.0	0.0	-0.9	-0.8	0.6	-0.6	-14.4	-5.0
6.9	7.3	2.1	9.3	-14.4	-31.4	60.2	39.6
3.4	2.3	-8.2	-4.9	-14.5	-29.2	37.3	33.1
0.0	0.0	0.0	0.0	0.0	0.0	-1.6	-2.1
0.0	0.0	-4.8	-5.2	23.6	24.0	0.0	0.0
3.4	2.3	-13.0	-10.1	9.2	-5.2	35.6	31.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CLASSIFIED BY BUSINESS LINE

In € million	Property and casualty insurance		Health insurance	
	30/9/2018	31/12/2017	30/9/2018	31/12/2017
Assets				
Property, plant and equipment	158.6	162.5	40.0	35.3
Intangible assets	605.4	525.3	263.2	255.5
Investments				
Investment property	231.5	254.5	233.9	237.2
Financial assets accounted for using the equity method	64.2	59.6	195.5	193.6
Other investments	4,845.6	4,797.7	2,914.1	2,976.5
Unit-linked and index-linked life insurance investments	0.0	0.0	0.0	0.0
Reinsurers' share of technical provisions	220.9	183.5	2.2	1.6
Reinsurers' share of technical provisions for unit-linked and index-linked life insurance	0.0	0.0	0.0	0.0
Receivables, including insurance receivables	444.1	249.7	322.7	312.3
Income tax receivables	51.6	38.8	0.6	0.3
Deferred tax assets	1.6	1.3	0.0	0.0
Cash and cash equivalents	244.5	278.3	235.6	182.9
Assets in disposal groups held for sale	0.0	9.3	7.0	0.0
Total assets by business line	6,868.0	6,560.5	4,214.8	4,195.1
Liabilities				
Subordinated liabilities	852.2	852.1	0.0	0.0
Technical provisions	3,299.4	3,136.0	3,164.4	3,039.2
Technical provisions for unit-linked and index-linked life insurance	0.0	0.0	0.0	0.0
Financial liabilities	66.0	5.8	26.0	27.9
Other provisions	519.5	526.6	298.1	296.6
Liabilities and other items classified as liabilities	641.2	472.6	41.1	57.6
Income tax liabilities	72.4	50.6	1.7	2.6
Deferred tax liabilities	61.3	59.1	116.4	135.6
Liabilities in disposal groups held for sale	0.0	0.0	0.0	0.0
Total liabilities by business line	5,512.0	5,102.8	3,647.6	3,559.5

Life insurance		Consolidation			Group
30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017
110.7	112.9	0.0	0.0	309.4	310.6
784.7	786.5	-47.7	-37.8	1,605.6	1,529.5
611.6	742.2	0.0	0.0	1,077.0	1,233.9
310.8	307.8	0.0	0.0	570.5	560.9
10,646.4	10,941.9	-631.4	-633.2	17,774.6	18,082.8
4,902.9	5,034.5	0.0	0.0	4,902.9	5,034.5
140.2	142.3	-11.2	-11.3	352.0	316.1
285.1	292.0	0.0	0.0	285.1	292.0
113.9	173.0	-144.7	-59.1	736.1	675.9
4.4	4.1	0.0	0.0	56.6	43.3
3.4	3.4	0.0	0.0	5.0	4.7
298.1	189.2	0.0	0.0	778.2	650.3
100.4	0.0	0.0	0.0	107.4	9.3
18,312.5	18,729.7	-835.1	-741.4	28,560.3	28,743.9
410.8	410.7	-416.3	-416.5	846.6	846.4
11,031.7	11,194.7	-26.8	-23.6	17,468.8	17,346.3
4,853.2	5,019.3	0.0	0.0	4,853.2	5,019.3
186.5	187.5	-238.5	-182.6	39.9	38.6
19.8	27.0	-46.4	-40.4	791.0	809.8
630.3	675.0	-107.1	-77.9	1,205.5	1,127.3
0.4	1.3	0.0	0.0	74.5	54.4
99.8	113.6	0.0	0.0	277.5	308.2
5.3	0.0	0.0	0.0	5.3	0.0
17,237.9	17,629.2	-835.2	-741.0	25,562.3	25,550.5
Consolidated equity and non-controlling interests				2,998.0	3,193.4
Total equity and liabilities by business line				28,560.3	28,743.9

The amounts indicated for each business line have been adjusted to eliminate amounts resulting from internal transactions. Therefore, the balance of segment assets and

segment equity and liabilities does not allow conclusions to be drawn with regard to the equity allocated to the respective business line.

Notes to the Condensed Consolidated Interim Financial Statements

1. Investments plus valuation hierarchies for fair value measurements

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

At 30 September 2018

In € million

	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	22.4	469.7	0.0	81.5	59.8	633.3
Available-for-sale financial assets	837.3	15,560.6	0.0	0.0	0.0	16,397.9
Loans and receivables	0.0	173.7	569.6	0.0	0.0	743.3
Total	859.7	16,204.0	569.6	81.5	59.8	17,774.6
of which fair value option	22.4	469.7	0.0	0.0	0.0	492.1

At 31 December 2017

In € million

	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	29.4	314.9	0.0	165.0	60.4	569.8
Available-for-sale financial assets	856.1	15,973.6	0.0	0.0	0.0	16,829.7
Loans and receivables	0.0	212.4	471.0	0.0	0.0	683.4
Total	885.5	16,500.9	471.0	165.0	60.4	18,082.8
of which fair value option	29.4	314.9	0.0	0.0	0.0	344.3

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, including the level in the fair value hierarchy to which these measurements are attributable. Ma-

for 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 in-

clude in particular quoted bonds that do not fulfil the conditions under Level 1, along with structured products.

- Level 3: valuation parameters for assets or liabilities that are not based or are only partly based on observable market data. The valuations here primarily involve application of the discounted cash flow method, comparative procedures with instruments for which there are observable prices and other procedures. As there are no observable parameters here in many cases, the estimates used can have a significant impact on the result of the valuation. At UNIQA, it is primarily other equity investments, private equity and hedge funds, ABS and structured products that do not fulfil the conditions under Level 2 that are assigned to Level 3.

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

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

Valuation process and methods

Financial instruments measured at fair value

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

- Market approach:

The valuation method in the market approach is based on prices or other applicable information from market transactions which involve identical or comparable assets and liabilities.

- Income approach:

The income approach corresponds to the method whereby the future (expected) payment flows or earnings are inferred on a current amount.

- Cost approach:

The cost approach generally corresponds to the value which would have to be applied in order to procure the asset once again.

Non-financial assets and loans

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

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

Financial liabilities

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

Valuation techniques and inputs in the determination of fair values

Assets	Price method	Input factors	Price model
Fixed-income securities			
Listed bonds	Listed price	-	-
Unlisted bonds	Theoretical price	CDS spread, yield curves	Present value method
Unquoted asset backed securities	Theoretical price	-	Discounted cash flow, single deal review, peer
Variable-income securities			
Listed shares/investment funds	Listed price	-	-
Private equities	Theoretical price	Certified net asset values	Net asset value method
Hedge funds	Theoretical price	Certified net asset values	Net asset value method
Other shares	Theoretical value	WACC, (long-term) revenue growth rate, (long-term) profit margins, control premium	Expert opinion
Derivative financial instruments			
Equity basket certificate	Theoretical price	CDS spread, yield curves	Black-Scholes Monte Carlo N-DIM
CMS floating rate note	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	LIBOR market model, Hull-White-Garman-Kohlhagen Monte Carlo
CMS spread certificate	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Contract specific model
Fund basket certificate	Theoretical price	Deduction of fund prices	Contract specific model
FX (Binary) option	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black-Scholes-Garman-Kohlhagen Monte Carlo N-DIM
Option (Inflation, OTC, OTC FX options)	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black-Scholes Monte Carlo N-DIM, contract specific model, inflation market model NKIS
Structured bonds	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black-Scholes-Garman-Kohlhagen Monte Carlo N-DIM, LMM
Swap, cross currency swap	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black-Scholes-Garman-Kohlhagen Monte Carlo N-DIM, Black-76-model, LIBOR market model, contract specific model
Swaption, total return swaption	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Black - basis point volatility, contract specific model
Variance, volatility, correlation swap	Theoretical price	CDS spread, yield curves, volatilities (FX, cap/floor, swaption, constant maturity swap, shares)	Contract specific model, Heston - Monte Carlo optimal strategy
Investments from investment contracts			
Listed shares/investment funds	Listed price	-	-
Unlisted investment funds	Theoretical price	CDS spread, yield curves	Present value method

Valuation hierarchy

Assets and liabilities measured at fair value

	Level 1		Level 2		Level 3		Total	
In € million	30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017
Available-for-sale financial assets								
Variable-income securities	708.4	727.8	1.2	0.1	127.7	128.2	837.3	856.1
Fixed-income securities	13,050.3	13,145.7	2,186.1	2,520.8	324.2	307.1	15,560.6	15,973.6
Total	13,758.7	13,873.5	2,187.2	2,520.9	452.0	435.3	16,397.9	16,829.7
Financial assets at fair value through profit or loss								
Variable-income securities	0.0	0.0	13.7	17.7	8.7	11.7	22.4	29.4
Fixed-income securities	237.9	174.8	170.1	79.1	61.7	60.9	469.7	314.9
Derivative financial instruments	0.0	0.0	38.2	84.2	43.3	80.8	81.5	165.0
Investments from investment contracts	53.6	56.6	0.9	1.0	5.3	2.8	59.8	60.4
Total	291.5	231.5	222.9	182.0	119.0	156.2	633.3	569.8

	Level 1		Level 2		Level 3		Total	
In € million	30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017
Financial liabilities								
Derivative financial instruments	0.6	0.0	14.8	22.5	11.4	2.3	26.7	24.8
Total	0.6	0.0	14.8	22.5	11.4	2.3	26.7	24.8

Fair values of assets and liabilities measured at amortised cost

	Level 1		Level 2		Level 3		Total	
In € million	30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017
Investment property	0.0	0.0	0.0	0.0	2,106.6	2,217.6	2,106.6	2,217.6
Loans and receivables								
Loans and other investments	0.0	0.0	376.6	327.6	193.0	143.4	569.6	471.0
Fixed-income securities	35.8	50.4	122.3	153.0	31.4	32.4	189.5	235.7
Total	35.8	50.4	498.9	480.6	224.4	175.7	759.1	706.7

	Level 1		Level 2		Level 3		Total	
In € million	30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017	30/9/2018	31/12/2017
Financial liabilities								
Liabilities from loans	0.0	0.0	0.0	0.0	13.2	13.8	13.2	13.8
Total	0.0	0.0	0.0	0.0	13.2	13.8	13.2	13.8
Subordinated liabilities	998.0	1,065.2	0.0	0.0	0.0	0.0	998.0	1,065.2

Transfers between levels 1 and 2

Transfers were made in the reporting period from Level 1 to Level 2 amounting to €163.0 million and from Level 2 to Level 1 amounting to €311.0 million. These are attributable primarily to changes in trading frequency and trading activity.

Level 3 financial instruments

In accordance with the hierarchy set forth in IFRS 13, Level 3 primarily includes fixed-income securities and

other equity investments that come under the category “available for sale”.

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

In € million	RZB shares		Fixed-income securities		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
At 1 January	0.0	126.1	307.1	426.6	282.1	286.0	589.2	838.6
Transfers from Level 3 to Level 1	0.0	-126.1	0.0	0.0	0.0	0.0	0.0	-126.1
Transfers from Level 3 to Level 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to Level 3	0.0	0.0	0.7	107.3	0.8	1.7	1.5	109.0
Gains and losses recognised in profit or loss	0.0	0.0	-0.2	-24.7	0.0	9.6	-0.2	-15.1
Gains and losses recognised in other comprehensive income	0.0	0.0	-9.2	-1.6	1.4	2.2	-7.7	0.6
Additions	0.0	0.0	32.6	99.8	25.5	11.3	58.1	111.0
Disposals	0.0	0.0	-6.7	-300.3	-74.5	-24.5	-81.2	-324.7
Changes from currency translation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in basis of consolidation	0.0	0.0	0.0	0.0	0.0	-4.2	0.0	-4.2
At 30 September and/or 31 December	0.0	0.0	324.2	307.1	235.3	282.1	559.6	589.2

The transfers between levels 2 and 3 were made as a result of changes in the observability of the relevant inputs.

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. A reduction in the discount rate by 100 basis points results in a 7.3 per cent increase in value.

2. Net investment income

Classified by business line

	Property and casualty insurance		Health insurance		Life insurance		Group	
	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017
In € million								
Investment property	6.5	1.9	4.7	10.7	28.6	32.0	39.8	44.5
Financial assets accounted for using the equity method	55.2	6.5	9.8	5.7	15.2	9.1	80.2	21.3
Variable-income securities	14.5	16.5	9.4	14.6	12.9	8.1	36.7	39.2
Available for sale	14.3	16.5	9.0	13.5	13.7	15.5	37.0	45.5
At fair value through profit or loss	0.2	0.0	0.4	1.1	-0.8	-7.4	-0.3	-6.3
Fixed-income securities	61.5	51.0	55.7	37.8	182.1	163.2	299.3	252.0
Available for sale	60.5	51.3	56.8	38.6	180.7	159.2	298.0	249.1
At fair value through profit or loss	1.0	-0.2	-1.2	-0.9	1.4	3.9	1.3	2.9
Loans and other investments	2.2	2.5	1.6	0.9	30.4	30.9	34.2	34.3
Loans	0.2	2.0	1.3	2.3	8.5	5.9	10.0	10.2
Other investments	2.0	0.5	0.3	-1.3	21.9	24.9	24.1	24.1
Derivative financial instruments	-3.2	11.0	-4.6	17.7	-2.4	4.2	-10.1	32.8
Investment administration expenses, interest paid and other investment expenses	-15.0	-13.0	-6.6	-6.7	-11.2	-10.8	-32.8	-30.5
Total	121.8	76.4	70.0	80.6	255.5	236.6	447.2	393.6

Classified by type of income

	Current income/expenses		Gains/losses from disposals and changes in value		Total		of which impairment	
	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017
In € million								
Financial assets at fair value through profit or loss	2.6	8.1	-11.8	21.3	-9.1	29.4	0.0	0.0
Variable-income securities (within the framework of fair value option)	0.7	1.7	-1.0	-8.0	-0.3	-6.3	0.0	0.0
Fixed-income securities (within the framework of fair value option)	1.7	5.7	-0.4	-2.8	1.3	2.9	0.0	0.0
Derivative financial instruments	0.3	0.7	-10.4	32.1	-10.1	32.8	0.0	0.0
Investments under investment contracts ¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets	295.8	279.3	39.3	15.3	335.1	294.6	-10.7	-37.0
Variable-income securities	30.2	16.1	6.8	29.4	37.0	45.5	-9.3	-1.6
Fixed-income securities	265.6	263.2	32.5	-14.1	298.0	249.1	-1.3	-35.3
Loans and receivables	33.2	36.3	1.0	-2.0	34.2	34.3	0.0	0.0
Fixed-income securities	6.5	6.5	1.3	0.8	7.7	7.3	0.0	0.0
Loans and other investments	26.8	29.8	-0.3	-2.8	26.5	27.0	0.0	0.0
Investment property	62.4	63.2	-22.7	-18.7	39.8	44.5	-8.0	0.0
Financial assets accounted for using the equity method	32.7	21.3	47.5	0.0	80.2	21.3	0.0	0.0
Investment administration expenses, interest paid and other investment expenses	-32.8	-30.5	0.0	0.0	-32.8	-30.5	0.0	0.0
Total	394.0	377.7	53.3	15.9	447.2	393.6	-18.7	-37.0

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

Net profit/(loss) by measurement category

In € million

	1–9/2018	1–9/2017
Financial assets at fair value through profit or loss		
Recognised in profit/(loss) for the period	–9.1	29.4
Available-for-sale financial assets		
Recognised in profit/(loss) for the period	335.1	294.6
of which reclassified from equity to consolidated income statement	–64.3	–95.7
Recognised in other comprehensive income	–355.2	–211.0
Net income	–20.1	83.6
Loans and receivables		
Recognised in profit/(loss) for the period	34.2	34.3
Financial liabilities measured at amortised cost		
Recognised in profit/(loss) for the period	–39.2	–40.7

The currency losses in net investment income amount to €20.8 million (1–9/2017: currency losses in the amount of €55.8 million). In addition, positive currency effects in the amount of €6.1 million (1–9/2017: negative currency effects in the amount of €21.2 million) were recognised directly in equity.

3. Premiums

Premiums earned

In € million

1–9/2018 1–9/2017

	1–9/2018	1–9/2017
Property and casualty insurance	1,938.9	1,883.7
Gross	2,044.4	1,987.2
Reinsurers' share	–105.5	–103.5
Health insurance	810.7	777.5
Gross	812.4	778.2
Reinsurers' share	–1.7	–0.7
Life insurance	821.8	811.8
Gross	846.3	839.3
Reinsurers' share	–24.4	–27.5
Total	3,571.4	3,473.0

Property and casualty insurance premiums written

In € million

1–9/2018 1–9/2017

	1–9/2018	1–9/2017
Direct insurance		
Fire and business interruption insurance	201.1	192.6
Liability insurance	201.8	191.7
Household insurance	143.9	140.7
Motor TPL insurance	468.3	451.2
Legal expense insurance	69.3	67.0
Marine, aviation and transport insurance	51.1	44.0
Other motor insurance	417.6	388.3
Other property insurance	216.0	193.5
Other forms of insurance	52.9	52.2
Casualty insurance	281.8	270.6
Total	2,103.9	1,991.6
Indirect insurance		
Fire and business interruption insurance	24.7	27.7
Motor TPL insurance	5.4	14.8
Other forms of insurance	11.7	14.4
Total	41.8	56.8
Total direct and indirect insurance (amount consolidated)	2,145.7	2,048.4

4. Insurance benefits

In € million	Gross		Reinsurers' share		Net	
	1–9/2018	1–9/2017	1–9/2018	1–9/2017	1–9/2018	1–9/2017
Property and casualty insurance						
Claims expenses						
Claims paid	1,222.4	1,124.6	–25.6	–25.5	1,196.8	1,099.0
Change in provision for unsettled claims	83.8	109.1	–30.2	5.8	53.7	114.9
Total	1,306.3	1,233.7	–55.7	–19.7	1,250.5	1,213.9
Change in insurance provision	0.0	–0.1	0.0	0.0	0.0	–0.1
Change in other technical provisions	–2.6	–0.7	0.0	0.0	–2.6	–0.7
Non-profit related and profit-related premium refund expenses	31.3	28.1	0.0	0.0	31.3	28.1
Total benefits	1,334.9	1,261.0	–55.7	–19.7	1,279.2	1,241.3
Health insurance						
Claims expenses						
Claims paid	545.4	535.1	–0.1	–1.4	545.4	533.7
Change in provision for unsettled claims	16.9	–2.2	–0.2	0.6	16.7	–1.6
Total	562.3	532.9	–0.3	–0.9	562.1	532.1
Change in insurance provision	102.3	103.6	0.1	–0.2	102.4	103.4
Non-profit related and profit-related premium refund expenses	28.3	17.0	0.0	0.0	28.3	17.0
Total benefits	693.0	653.5	–0.2	–1.1	692.8	652.5
Life insurance						
Claims expenses						
Claims paid	881.5	1,218.2	–18.5	–18.3	862.9	1,199.9
Change in provision for unsettled claims	–5.7	–11.8	0.8	–0.6	–4.9	–12.4
Total	875.7	1,206.3	–17.7	–18.8	858.0	1,187.5
Change in insurance provision	–119.9	–449.7	–8.2	–7.5	–128.1	–457.3
Non-profit related and profit-related premium refund expenses and/or (deferred) benefit participation expenses	62.8	35.2	0.0	0.0	62.8	35.2
Total benefits	818.7	791.8	–25.9	–26.6	792.7	765.3
Total	2,846.6	2,706.4	–81.9	–47.4	2,764.7	2,659.0

5. Operating expenses

In € million	1–9/2018	1–9/2017
Property and casualty insurance		
Acquisition costs		
Payments	448.3	431.4
Change in deferred acquisition costs	–18.0	1.2
Other operating expenses	173.6	163.8
Reinsurance commission and share of profit from reinsurance ceded	–9.2	–8.5
	594.7	587.8
Health insurance		
Acquisition costs		
Payments	81.2	73.9
Change in deferred acquisition costs	–8.3	–6.9
Other operating expenses	58.4	51.6
Reinsurance commission and share of profit from reinsurance ceded	–0.4	–0.3
	130.8	118.3
Life insurance		
Acquisition costs		
Payments	120.1	144.5
Change in deferred acquisition costs	17.0	16.1
Other operating expenses	91.9	81.8
Reinsurance commission and share of profit from reinsurance ceded	–2.8	–5.9
	226.2	236.5
Total	951.6	942.7

6. Assets and liabilities in disposal groups held for sale

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. As at 31 December 2017 the carrying amount was €9.3 million.

Since the third quarter of 2018, sales talks are being held on the sale of 17 commercial properties. This is a portfolio of specialist stores and shopping centres in Austria. These are therefore reported under assets in disposal groups held for sale (health and life business). The carrying amount of the real estate at 30 September 2018 was €107.4 million, deferred tax liabilities amounted to €5.3 million.

7. Discontinued operations

In € million	1–9/2018	1–9/2017
Premiums earned (net)	0.0	349.4
Technical interest income	0.0	23.4
Other insurance income	0.0	0.4
Insurance benefits	0.0	–337.6
Operating expenses	0.0	–28.7
Other technical expenses	0.0	–2.0
Technical result	0.0	4.9
Net investment income	0.0	20.3
Other income	0.0	2.2
Reclassification of technical interest income	0.0	–23.4
Other expenses	0.0	–0.7
Non-technical result	0.0	–1.6
Operating profit/(loss)	0.0	3.3
Impairment losses	0.0	–0.2
Earnings before taxes	0.0	3.1
Income taxes	0.0	–0.4
Current profit/(loss) from discontinued operations (after tax)	0.0	2.7
Profit/(loss) from deconsolidation	0.0	–34.9
Disposal costs	0.0	–0.9
Profit/(loss) from discontinued operations (after tax)	0.0	–33.1
of which attributable to shareholders of UNIQA Insurance Group AG	0.0	–33.0
of which attributable to non-controlling interests	0.0	–0.1

8. Employees

Average number of employees	1–9/2018	1–9/2017
Total	12,775	12,797
of which sales	4,314	4,488
of which administration	8,461	8,309

9. Dividends paid

A dividend of €0.51 per share was paid on 11 June 2018 (previous year: €0.49). This corresponds to a distribution amounting to €156.6 million (previous year: €150.4 million).

10. Related companies and persons

Entities 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 € million

	Companies with significant influence on UNIQA Group	Affiliated but not consolidated companies	Associated companies of UNIQA Group	Other related parties	Total
Transactions in 2018					
Premiums written (gross)	2.4	0.3	1.0	43.9	47.6
Income from investments	2.6	0.4	20.7	3.6	27.2
Expenses from investments	-0.8	0.0	0.0	-0.2	-1.0
Other income	0.2	5.3	1.8	0.2	7.4
Other expenses	0.0	-6.2	-2.1	-22.5	-30.9
At 30 September 2018					
Investments	312.8	4.8	625.1	44.6	987.4
Cash and cash equivalents	338.1	0.0	0.0	150.4	488.5
Receivables, including insurance receivables	0.0	0.5	0.0	3.3	3.9
Liabilities and other items classified as liabilities	0.0	0.5	0.0	4.4	4.9

Transactions with related persons

In € million

1-9/2018

Premiums written (gross)	0.3
Salaries and short-term benefits ¹⁾	-3.2
Pension expenses	-0.7
Compensation on termination of employment contract	-0.2
Expenditures for share-based payments	-1.1
Other income	0.1

¹⁾This item includes fixed and variable Management Board remuneration paid from the beginning of the financial year to the reporting date, as well as the Supervisory Board remuneration.

11. Basis of consolidation

The basis of consolidation comprised – including UNIQA Insurance Group AG – 92 consolidated companies (31 December 2017: 94) and 6 associates (31 December 2017: 7) that are accounted for using the equity method.

ALBARAMA Limited Company (Nicosia, Cyprus) was liquidated in June 2018. In September 2018, UNIQA Finanzbeteiligung GmbH (Vienna) was merged with UNIQA Österreich Versicherungen AG (Vienna) as the absorbing company.

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.

12. Significant events after the reporting date

Changes in accounting and valuation assumptions

In October 2018, the Actuarial Association of Austria (AVÖ) issued recommendations for the application of changed calculation principles for pension insurance. The application of the amendments is expected to result in an adjustment of provisions for social capital of around €43 million at the end of 2018. The revaluation of defined benefit obligations will result in losses of an expected €43 million recognised in equity.

Declaration of the legal representatives

The Management Board of UNIQA Insurance Group AG hereby confirms that, to the best of its knowledge, the condensed consolidated interim financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that the interim Group Management Report gives a true and fair view of the Group's financial position with respect to significant events that occurred during the first nine mon-

ths of the financial year and the impact on the condensed consolidated interim financial statements of the significant risks and uncertainties for the remaining three months of the financial year and of the material transactions with related companies or persons that are subject to disclosure.

These consolidated interim financial statements were neither audited in full nor reviewed by an auditor.

Vienna, November 2018



Andreas Brandstetter
Chairman of the
Management Board



Erik Leyers
Member of the
Management Board



Kurt Svoboda
Member of the
Management Board

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Clause regarding predictions about the future

This report contains statements which refer to the future development of the UNIQA Group. These statements present estimations which were reached on the basis of all of the information available to the Group at the present time. If the assumptions on which they are based do not occur, the actual events may vary from the results currently expected. As a result, no guarantee can be provided for the information given.

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

