



At the forefront.

Annual Financial Report 2018 according to section 124(1)
of the Austrian Stock Exchange Act
UNIQA Insurance Group AG

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Consolidated Corporate Governance Report

UNIQA has been committed to compliance with the Austrian Code of Corporate Governance since 2004 and publishes the declaration of conformity both in the Group report and on www.uniqagroup.com in the Investor Relations section. The Austrian Code of Corporate Governance is also publicly available at www.uniqagroup.com and www.corporate-governance.at.

The Corporate Governance Report and the Consolidated Corporate Governance Report of UNIQA Insurance Group AG are summarised in this report in accordance with Section 267b in conjunction with Section 251(3) of the Austrian Commercial Code.

Implementation and compliance with the individual rules in the Austrian Code of Corporate Governance, with the exception of Rules 77 to 83, are evaluated annually by PwC Wirtschaftsprüfung GmbH. Rules 77 to 83 of the Austrian Code of Corporate Governance are evaluated by the law firm Schönherr Rechtsanwälte GmbH. The evaluation is carried out based mainly on the questionnaire for the evaluation of compliance with the Code that is published by the Austrian Working Group for Corporate Governance. The reports on the external evaluation in accordance with Rule 62 of the Austrian Code of Corporate Governance can also be found at www.uniqagroup.com.

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

Rule 49 of the Austrian Code of Corporate Governance

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

Members of the Management Board

Name	Responsible for	Supervisory Board appointments or comparable functions in other domestic and foreign companies not included in the consolidated financial statements
Andreas Brandstetter , Chief Executive and Investment Officer (CEO/CIO) * 1969, appointed 1 January 2002 until 30 June 2020	Innovation, Investor Relations, Digital Services/Digital Data Management, Group Communication, Group Marketing, Group Human Resources, Group Internal Audit, Group Asset Management, Group General Secretary	<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of STRABAG SE, Villach (since 25 May 2018)
Erik Leyers , Chief Operating Officer (COO) * 1969, appointed 1 June 2016 until 30 June 2020	Strategic Business Organisation, Group IT, OPEX (Operational Excellence), Group Service Center Slovakia	<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of Raiffeisen Informatik GmbH, Vienna
Kurt Svoboda , Chief Financial and Risk Officer (CFO/CRO) * 1967, appointed 1 July 2011 until 30 June 2020	Group Finance, Group Controlling, Group Actuarial and Risk Management, Group Reinsurance, Regulatory & Public Affairs, Legal & Compliance, Group Internal Audit	<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of CEESEG Aktiengesellschaft, Vienna (since 15 June 2018) ▪ Member of the Supervisory Board of Wiener Börse AG, Vienna (since 15 June 2018)

The work of the Management Board

The work of the members of the Management Board of UNIQA Insurance Group AG is regulated by the rules of procedure. The division of the business responsibilities as decided by the entire Management Board is approved by the Supervisory Board. The rules of procedure govern the obligations of the members of the Management Board to provide the Supervisory Board and each other with information and approve each other's activities. The rules of procedure also specify a list of activities that require consent from the Supervisory Board. The Management Board generally holds meetings every two weeks in which the members of the Management Board report on the current course of business, determine what steps should be taken and make strategic corporate decisions. The meetings of the Management Boards for UNIQA Österreich Versicherungen AG and UNIQA International AG are usually scheduled in between the meetings of UNIQA Insurance Group AG. In addition, there is a continuous exchange of information between the members of the Management Board regarding relevant activities and events.

The Management Board of UNIQA Insurance Group AG meets, whenever possible, every 14 days as a Group Executive Board together with the respective chairmen of the Management Boards of UNIQA Österreich Versicherungen AG (acting concurrently as CFO/CRO of UNIQA Insurance Group AG) and UNIQA International AG, along with the member of the Management Board of UNIQA Österreich Versicherungen AG responsible for Raiffeisen Austria bank sales and, until 31 January 2019, with Mark-Alexander Bockelmann, member of the Management Board of UNIQA Österreich Versicherungen AG and UNIQA International AG responsible for digitalisation, each of whom has an advisory vote.

The Management Board informs the Supervisory Board at regular intervals, in a timely and comprehensive manner, about all relevant questions of business development, including the risk situation and the risk management of the Group. In addition, the Chairman of the Supervisory Board is in regular contact with the CEO to discuss the company's strategy, business performance and risk management.

Management and monitoring functions in significant subsidiaries	Number of UNIQA shares held
<ul style="list-style-type: none"> ▪ Chairman of the Supervisory Board of SIGAL UNIQA Group AUSTRIA sh.a., Tirana ▪ Chairman of the Supervisory Board of SIGAL Life UNIQA Group AUSTRIA sh.a., Tirana ▪ President of the Board of Directors of UNIQA Re AG, Zurich 	as at 31 December 2018: 25,219 shares
<ul style="list-style-type: none"> ▪ Member of the Management Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Management Board of UNIQA International AG, Vienna ▪ Member of the Executive Management of UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna ▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń S.A., Lodz ▪ Member of the Supervisory Board of UNIQA Biztosító Zrt., Budapest ▪ Member of the Supervisory Board of UNIQA pojišťovna, a.s., Prague ▪ Chairman of the Supervisory Board of UNIQA Group Service Center Slovakia, spol. s r.o., Nitra ▪ Chairman of the Supervisory Board of sTech d.o.o., Belgrade 	as at 31 December 2018: 4,590 shares
<ul style="list-style-type: none"> ▪ Chairman of the Management Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Management Board of UNIQA International AG, Vienna ▪ Member of the Executive Management of UNIQA internationale Beteiligungs-Verwaltungs GmbH, Vienna ▪ Member of the Supervisory Board of PremiQaMed Holding GmbH, Vienna (until 10 February 2018) ▪ Member of the Supervisory Board of UNIQA Asigurari S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Asigurari de Viata S.A., Bucharest ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń S.A., Lodz (until 30 April 2018) ▪ Member of the Supervisory Board of UNIQA Towarzystwo Ubezpieczeń na Życie S.A., Lodz (until 30 April 2018) ▪ Member of the Supervisory Board of UNIQA poisťovňa a.s., Bratislava (until 6 March 2018) ▪ Member of the Supervisory Board of UNIQA Insurance Company, Private Joint Stock Company, Kiev (until 24 April 2018) ▪ Member of the Supervisory Board of UNIQA Life Insurance Company, Private Joint Stock Company, Kiev (until 24 April 2018) ▪ Member of the Supervisory Board of UNIQA Biztosító Zrt., Budapest (until 19 July 2018) ▪ Member of the Supervisory Board of UNIQA pojišťovna, a.s., Prague (until 28 February 2018) ▪ Chairman of the Board of Directors of UNIQA Versicherung AG, Vaduz ▪ Vice President of the Board of Directors of UNIQA Re AG, Zurich 	as at 31 December 2018: 14,597 shares

Members of the Supervisory Board

Name	Supervisory Board appointments in domestic and foreign listed companies	Management and monitoring tasks in significant subsidiaries	Number of UNIQA shares held
Walter Rothensteiner , Chairman * 1953, appointed 3 July 1995 until the 20th AGM (2019)			
Christian Kuhn , 1st Vice Chairman * 1954, appointed 15 May 2006 until the 20th AGM (2019)			
Erwin Hameseder , 2nd Vice Chairman * 1956, appointed 21 May 2007 until the 20th AGM (2019)	<ul style="list-style-type: none"> ▪ Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna ▪ Chairman of the Supervisory Board of AGRANA Beteiligungs-Aktiengesellschaft, Vienna ▪ Vice Chairman of the Supervisory Board of STRABAG SE, Villach ▪ 2nd Vice Chairman of the Supervisory Board of Südzucker AG, Mannheim 		
Burkhard Gantenbein (since 28 May 2018) , 3rd Vice Chairman * 1963, appointed 29 May 2017 until the 20th AGM (2019)		<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Supervisory Board of UNIQA International AG, Vienna 	as at 31 December 2018: 10,250 shares
Eduard Lechner (until 28 May 2018) , 3rd Vice Chairman * 1956, appointed 25 May 2009 until 28 May 2018			
Markus Andréewitch , Member * 1955, appointed 26 May 2014 until the 20th AGM (2019)			
Klemens Breuer (until 28 May 2018) , Member * 1967, appointed 29 May 2017 until 28 May 2018			
Marie-Valerie Brunner (since 28 May 2018) , Member * 1967, appointed 28 May 2018 until the 20th AGM (2019)			as at 31 December 2018: 1,750 shares
Elgar Fleisch (since 28 May 2018) , Member * 1968, appointed 28 May 2018 until the 20th AGM (2019)			
Burkhard Gantenbein (until 28 May 2018) , Member * 1963, appointed 29 May 2017 until the 20th AGM (2019)		<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of UNIQA Österreich Versicherungen AG, Vienna ▪ Member of the Supervisory Board of UNIQA International AG, Vienna 	as at 31 December 2018: 10,250 shares
Jutta Kath , Member * 1960, appointed 30 May 2016 until the 20th AGM (2019)		<ul style="list-style-type: none"> ▪ Member of the Board of Directors of UNIQA Re AG, Zurich 	
Rudolf Könighofer , Member * 1962, appointed 30 May 2016 until the 20th AGM (2019)	<ul style="list-style-type: none"> ▪ Member of the Supervisory Board of Raiffeisen International AG, Vienna 		
Kory Sorenson , Member * 1968, appointed 26 May 2014 until the 20th AGM (2019)	<ul style="list-style-type: none"> ▪ Member of the Board of Directors of SCOR SE, Paris ▪ Member of the Board of Directors of Phoenix Group Holdings, Cayman Islands ▪ Member of the Board of Directors of Pernod Ricard, Paris ▪ Member of the Board of Directors of Prometic Life Sciences Inc., Québec (since 9 May 2018) 		as at 31 December 2018: 10,000 shares

Delegated by the Central Works Council

Peter Gattinger * 1976, from 10 April 2013 to 26 May 2015 and since 30 May 2016	
Heinrich Kames * 1962, since 10 April 2013	as at 31 December 2018: 56 shares
Harald Kindermann * 1969, since 26 May 2015	as at 31 December 2018: 750 shares
Franz-Michael Koller * 1956, since 17 September 1999	as at 31 December 2018: 912 shares
Friedrich Lehner * 1952, from 31 May 2000 to 1 September 2008 and since 15 April 2009	as at 31 December 2018: 1,162 shares

Committees of the Supervisory Board

Committee	Chairman	Vice Chairman	Members	Delegated by the Central Works Council
Committee for Board Affairs	Walter Rothensteiner	Christian Kuhn	Burkhard Gantenbein (since 28 May 2018), Erwin Hameseder, Eduard Lechner (until 28 May 2018)	
Working Committee	Walter Rothensteiner	Christian Kuhn	Klemens Breuer (until 28 May 2018), Marie-Valerie Brunner (since 28 May 2018), Elgar Fleisch (since 28 May 2018), Burkhard Gantenbein, Erwin Hameseder, Eduard Lechner (until 28 May 2018)	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
Audit Committee	Walter Rothensteiner	Christian Kuhn	Burkhard Gantenbein (since 28 May 2018), Erwin Hameseder, Jutta Kath, Eduard Lechner (until 28 May 2018), Kory Sorenson	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
Investment Committee	Kory Sorenson (since 28 May 2018), Klemens Breuer (until 28 May 2018)	Christian Kuhn	Marie-Valerie Brunner (since 28 May 2018), Burkhard Gantenbein (since 28 May 2018), Jutta Kath, Rudolf Könighofer, Eduard Lechner (until 28 May 2018), Kory Sorenson (until 28 May 2018)	Peter Gattinger, Heinrich Kames, Franz-Michael Koller
IT Committee	Markus Andréewitch	Jutta Kath	Elgar Fleisch (since 28 May 2018), Rudolf Könighofer	Heinrich Kames, Franz-Michael Koller

The work of the Supervisory Board and its committees

The Supervisory Board advises the Management Board in its strategic planning and projects. It decides on the matters assigned to it by law, the Articles of Association and its rules of procedure. The Supervisory Board is responsible for supervising the management of the company by the Management Board. It is comprised of ten shareholder representatives and five employee representatives and it convened for six meetings in 2018. One decision was made by way of circular resolution.

A **Committee for Board Affairs** has been appointed to handle the relationship between the company and the members of its Management Board relating to employment and salary; this committee also acts as the **Nominating and Remuneration Committee**. The Committee for Board Affairs dealt with legal employment formalities concerning the members of the Management Board and with questions relating to remuneration policy and succession planning at its four meetings in 2018.

The **Working Committee** of the Supervisory Board is called upon to make decisions only if the urgency of the matter means that the decision cannot wait until the next meeting of the Supervisory Board. It is the Chairman's responsibility to assess the urgency of the matter. The resolutions passed must be reported in the next meeting of the Supervisory Board. Generally, the Working Committee can make decisions on any issue that is the responsibility of the Supervisory Board, but this does not include issues of particular importance or matters that must be decided upon by the full Supervisory Board by law. The Working Committee did not convene for any meetings in 2018. Three decisions were made by way of circular resolution.

The **Audit Committee** of the Supervisory Board performs the duties assigned to it by law. The Audit Committee convened for three meetings, which were also attended by the auditor of the (consolidated) financial statements. The meetings dealt with all the documents relating to the financial statements, the Corporate Governance Report and the appropriation of profit proposed by the Management Board (each for the 2017 financial year). Furthermore, the audit of the 2018 financial statements of the companies of the consolidated group was planned, and the auditor reported on the results of preliminary audits. Discussions were held on the strategic focus of the audit work and the Committee's working

methods in view of new legal requirements. In particular, the Audit Committee received quarterly reports from Internal Auditing concerning audit areas and material findings based on the audits conducted.

The **Investment Committee** advises the Management Board with regard to its investment policy; it has no decision-making authority. The Investment Committee held four meetings during which the members discussed the capital investment strategy, questions concerning capital structure and the focus of risk management and asset liability management.

Over the course of four meetings, **IT Committee** dealt with the ongoing monitoring of the progress of the project implementing UNIQA Insurance Platform (new IT core system), especially in relation to compliance with the financial framework.

The chairmen of the respective committees informed the entire Supervisory Board about the meetings and their committees' work.

For information concerning the activities of the Supervisory Board and its committees, please also refer to the details in the Report of the Supervisory Board.

Independence of the Supervisory Board

All members of the Supervisory Board elected during the Annual General Meeting have declared their independence under Rule 53 of the Austrian Code of Corporate Governance. Both Kory Sorenson and Jutta Kath also satisfy the criteria of Rule 54 of the Austrian Code of Corporate Governance.

A Supervisory Board member is considered independent if he or she is not in any business or personal relationship with the company or its Management Board that represents a material conflict of interest and is therefore capable of influencing the behaviour of the member concerned.

UNIQA has established the following additional criteria for determining the independence of a Supervisory Board member:

- The Supervisory Board member should not have been a member of the Management Board or a senior executive of the company or a subsidiary of the company in the past five years.

- The Supervisory Board member should not maintain or have maintained within the last year any business relationship with the company or a subsidiary of the company that is material for the Supervisory Board member concerned. This also applies to business relationships with companies in which the Supervisory Board member has a significant economic interest, but does not apply to functions performed on decision-making bodies in the Group.
- The Supervisory Board member should not have been an auditor of the company or a shareholder or salaried employee of the auditing company within the last three years.
- The Supervisory Board member should not be a member of the Management Board of another company in which a Management Board member of the company is a member of the other company's Supervisory Board unless one of the companies is a member of the other company's group or holds an investment in the other company.
- The Supervisory Board member should not be a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with a business investment or who are representing the interests of such a shareholder.
- The Supervisory Board member should not be a close family relative (direct descendant, spouse, life partner, parent, uncle, aunt, sibling, niece or nephew) of a Management Board member or of persons who are in one of the positions described in the above points.

Measures to promote women on the Management Board, the Supervisory Board and in executive positions

UNIQA is convinced that a high degree of diversity can enhance its success on a sustainable basis. Diversity at management levels makes us successful together and has a positive influence on corporate culture. By diversity we mean different nationalities, cultures and a mix of women and men who together contribute to a "diversity of thought".

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

Over the course of 2018, the proportion of women on Management Boards and in senior executive positions through-

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

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

Enabling employees to achieve a work-life balance and providing them with easy access to services that make everyday life easier, especially for mothers, are key factors in promoting women. UNIQA has created a comprehensive range of services known as "Freiraum" (Latitude) that addresses these needs. Together with an external partner, the company offers comprehensive childcare services even on "bridge days" (between a public holiday and the weekend). Within the scope of the mental health hotline "Keep Balance", a cooperation with Hilfswerk Austria, completely anonymous advice and support is offered for all professional and personal problems.

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

Diversity concept

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

Remuneration Report

Remuneration of the Management Board and Supervisory Board

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

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

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

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

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

¹⁾ The Short-Term Incentive (STI) comprises a variable remuneration component which is paid beginning with the 2017 financial year, partly in the following year and partly after three years (the "deferred component").

²⁾ The Long-Term Incentive (LTI) corresponds to a share-based remuneration agreement first introduced in 2013, with the beneficiary entitled to receive a cash settlement following a four-year term. Details can be found in the notes to the consolidated financial statements.

In the 2018 financial year, the members of the Management Board of UNIQA Insurance Group AG received variable remuneration and multi-year share-based payments amounting to €1.7 million. Payments (STI) in the amount of €0.4 million are expected to be made in subsequent years for the 2017 financial year. For the 2018 financial year, payments (STI) in the amount of €1.6 million are expected to be made in the years 2019 and 2022. As part of the multi-year share-based payment (LTI), payments of €0.5 million were made to the members of the Management Board of UNIQA Insurance Group AG in 2018. For the subsequent years 2019 to 2022, a payment of €2.1 million is expected for the virtual shares allocated up to 31 December 2018.

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

In addition to the above-mentioned employee benefits, the following pension fund contributions were made for the existing pension commitments to the members of the Management Board during the financial year. The compensation payments arise if a member of the Management Board steps down before the age of 65 because pension entitlements are generally funded in full until the age of 65 to avoid over-financing.

Pension funds contributions In € thousand	Current contributions	Compensations	Total for the year
Andreas Brandstetter	84	0	84
Erik Leyers	105	0	105
Kurt Svoboda	170	0	170
Total 2018	359	0	359
Total 2017	359	0	359

The remuneration paid to the members of the Supervisory Board for their work in the 2017 financial year amounted to €481,875. Provisions of €739,375 have been set aside for the remuneration to be paid for work completed in 2018. In 2018, a total of €67,400 was paid to cover attendance fees and out-of-pocket expenses (2017: €61,400). Given

the raised requirements and the increasing time necessary for activities in the Audit Committee and in the other committees of the Supervisory Board, the remuneration components for committee functions performed have been increased. This explains the rise from €543,275 in 2017 to €806,775 in 2018.

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

The breakdown of the total remuneration (including attendance fees and out-of-pocket expenses to employee

representatives) paid to the individual members of the Supervisory Board was as follows:

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

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

Burkhard Gantenbein received Supervisory Board remuneration (including attendance fees) of €18,000 for his activities on the Supervisory Boards of UNIQA Österreich Versicherungen AG and UNIQA International AG

in addition to the Supervisory Board remuneration of UNIQA Insurance Group AG. Besides Supervisory Board remuneration (including attendance fees) from UNIQA Insurance Group AG, Jutta Kath

also received Supervisory Board remuneration of 19,200 Swiss francs for her work on the Supervisory Board of UNIQA Re AG.

Former members of the Supervisory Board did not receive any remuneration.

The disclosures in accordance with Section 239(1) of the Austrian Commercial Code in conjunction with Section 80b of the Austrian Insurance Supervision Act must be included in the notes to the consolidated financial statements for the financial statements to be in accordance with IFRSs and to release the company from the requirement to prepare financial statements in accordance with the Austrian Commercial Code. The disclosures are defined more broadly for the separate financial statements in accordance with the provisions of the Austrian Commercial Code. The separate financial statements include not only the remuneration for the decision-making functions (Management Board) of UNIQA Insurance Group AG, but also the remuneration paid to the Management Boards of the subsidiaries if such remuneration is based on a contract with UNIQA Insurance Group AG.

Principles of profit sharing for the Management Board

A short-term incentive (STI) is offered in which a one-off payment is made based on the relevant earnings situation if the specified individual objectives for the payment of the incentive have been met. The STI comprises a variable remuneration component which is paid beginning with the 2017 financial year, partly in the following year and partly after three years (the “deferred component”). A long-term incentive (LTI) is also provided in parallel as a share-based payment arrangement with cash settlement, and this provides for one-off payments after a period of four years in each case based on virtual investments in UNIQA shares each year and the performance of UNIQA shares, the P&C Net Combined Ratio, and the return on risk capital over the period. Maximum limits are agreed. This LTI is subject to an obligation on the members of the Management Board to make an annual investment in UNIQA shares with a holding period of four years in each case. The system complies with Rule 27 of the Austrian Code of Corporate Governance.

Following the Solvency II requirements for remuneration policy for board members, payment of the STI shall be made in two stages. One part will be paid out directly after the determination of earnings, and the remainder will be allocated. Upon a positive sustainability audit for the vesting period, this amount will be paid out three years later. The

STI is thereby designed to ensure an appropriate balance between fixed and variable remuneration elements.

Principles and requirements for the company pension scheme provided for the Management Board

UNIQA has agreed retirement pensions, occupational disability benefits and surviving dependants’ pensions for the members of the Management Board. The beneficiaries’ actual pension entitlements are a contractual arrangement with Valida Pension AG, which is responsible for managing the pensions. The retirement pension generally becomes due for payment when the beneficiary reaches 65 years of age. The pension entitlement is reduced in the event of an earlier retirement, with the pension eligible for payment once the beneficiary reaches the age of 60 at the earliest. In the case of the occupational disability pension and survivor’s benefits, basic amounts are provided as a minimum pension.

The pension fund at Valida Pension AG is funded by UNIQA through ongoing contributions from management board members. Compensation payments to Valida Pension AG are mandatory if members of the Management Board resign before reaching 65 years of age (calculated duration of premium payments to avoid over-financing).

Principles for vested rights and entitlements of the Management Board in the event of termination of their position

Termination payments have been agreed based on the former provisions of the Austrian Salaried Employee Act. These termination payments, which are made if the employment contract of a member of the Management Board is terminated prematurely, comply with the criteria set out in Rule 27a of the Austrian Code of Corporate Governance. The member of the Management Board generally retains his or her pension entitlements if his or her position is terminated, but the entitlements are subject to curtailment rules.

Essential principles of remuneration policy for the companies included in the consolidation (UNIQA Österreich Versicherungen AG, UNIQA International AG and all international insurance subsidiaries)

Bearing in mind the UNIQA business strategy, as well as legal and regulatory requirements, UNIQA’s remuneration policy aims to create a direct connection between the company’s economic goals and board member remuneration. Thus, in addition to the base salary, there is a performance-based, variable remuneration component (STI) which is regularly compared to the external market.

This is a bonus payment that depends on the attainment of agreed qualitative and quantitative objectives in the relevant financial year. An essential criterion for determining and formulating the objectives is that they support UNIQA's Group strategy and are therefore in harmony with the overall strategic orientation. The structure of the total remuneration – the ratio of the basic salary to the variable salary – depends on the respective position. In principle, the variable portion of the total remuneration increases with the size of the area of responsibility. The sustainability of the business activity and its contribution to sustainable corporate growth is an essential component. This is incentivised by delaying the payment of a portion of the STI.

The Solvency II requirements for the remuneration policy for board members are met by the above. Furthermore, the Management Boards of UNIQA Österreich Versicherungen AG and UNIQA International AG (insofar as they do not have a claim as an identical board member of UNIQA Insurance Group AG) are included in the long-term incentive programme described above.

Supervisory Board remuneration

The remuneration paid to the Supervisory Board is approved at the Annual General Meeting as a total amount for the work in the previous financial year. The remuneration applicable to the individual Supervisory Board members is based on their position within the Supervisory Board and the number of committee positions held.

D&O insurance, POSI insurance

UNIQA has taken out directors' & officers' (D&O) insurance and, in connection with the implementation of the re-IPO in 2013, public offering of securities insurance (POSI) for the members of the Management Board, Supervisory Board and senior executives (including Group companies). The costs are borne by UNIQA.

Risk report, directors' dealings

A comprehensive risk report (Rules 69 and 70 of the Austrian Code of Corporate Governance) is included in the notes to the consolidated financial statements. The notifications concerning directors' dealings in the year under review (Rule 73 of the Austrian Code of Corporate Governance) can be found in the Investor Relations section of the Group website at www.uniqagroup.com

External evaluation

Implementation of, and compliance with, the individual rules in the Austrian Code of Corporate Governance were evaluated by PwC Wirtschaftsprüfung GmbH for the 2018 financial year – with the exception of Rules 77 to 83. Rules 77 to 83 of the Austrian Code of Corporate Governance are evaluated by the law firm Schönherr Rechtsanwälte GmbH. The evaluation is carried out based mainly on the questionnaire for the evaluation of compliance with the Code that is published by the Austrian Working Group for Corporate Governance.

The evaluation by PwC Wirtschaftsprüfung GmbH and Schönherr Rechtsanwälte GmbH confirming that UNIQA had complied with the rules of the Austrian Code of Corporate Governance in 2018 – to the extent that these rules were covered by UNIQA's declaration of conformity – will be published simultaneously with the annual financial report for the 2018 financial year. Some of the rules were not applicable to UNIQA in the evaluation period.

Vienna, 22 March 2019



Andreas Brandstetter
Chairman of the Management Board



Erik Leyers
Member of the Management Board



Kurt Svoboda
Member of the Management Board

Report of the Supervisory Board

Ladies and gentlemen,
dear shareholders,

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

1. How we structure our work

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

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

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

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

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

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

2. The most important features of 2018

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

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

Despite these partly opposing influences, UNIQA managed to take further steps as planned in implementing the long-term strategic programme UNIQA 2.0 (2011 to 2020).

I would like to highlight three points here:

- The investment programme decided on at the start of 2016, the redesign of the business model associated with it, and the required update to the IT systems were all advanced further. The first products in the life insurance sector are already being processed via the new IT core system.
- The Group also continued to concentrate on the insurance business as a direct insurer in Austria and in Central and Eastern Europe. In particular, the steady improvement in the combined ratio as a measure of profitability in the core underwriting business is key. Further improvements were successful here in 2018.
- The company's capitalisation remains very solid even in a challenging capital market environment. The relevant capital ratios ECR and SCR were barely changed at their very high level. This means UNIQA is on very solid ground. This strength on the capital side, combined with the readiness to make relevant investments to actively shape the future, makes the Supervisory Board confident that UNIQA is very well positioned in a challenging environment.

3. Timeline and details of our main areas of focus

During 2018, the Supervisory Board was regularly informed by the Management Board about the business performance and position of UNIQA Insurance Group AG and the Group as a whole. It also supervised the Management Board's management of the business and fulfilled all the tasks assigned to the Supervisory Board by law and the Articles of Association. At the Supervisory Board meetings, the Management Board presented detailed quarterly reports and provided additional oral as well as written reports. Our Supervisory Board was given timely and comprehensive information about those measures requiring our approval.

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

Focus of the deliberations

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

- At our meeting held on **27 February**, we mainly discussed the Group's preliminary results for the 2017 financial year and the changes up to that time in the 2018 financial year. The Supervisory Board also approved the formation of a branch of UNIQA Insurance Group AG in Bratislava for Group-wide processing of actuarial tasks.
- The Supervisory Board meeting on **11 April** focused on the audit of the annual financial statements and consolidated financial statements for the year ended 31 December 2017 and on the reports from the Management Board with up-to-date information on the performance of the Group in the first quarter of 2018. We also discussed the agenda for the 19th Annual General Meeting held on 28 May 2018. The report by auditors PwC Wirtschaftsprüfung GmbH and lawyers Schönherr Rechtsanwälte GmbH regarding compliance with the provisions of the Austrian Code of Corporate Governance (ÖCGK) in the 2017 financial year was also acknowledged.

- Our meeting held on **23 May** was dedicated to a discussion of the Group's earnings situation in the first quarter of 2018 as well as to discussions on the Solvency and Financial Condition Report (SFCR) 2017.
- The Supervisory Board was constituted at the meeting on **28 May** due to the exit of Klemens Breuer and Eduard Lechner and the new election of Marie-Valerie Brunner and Elgar Fleisch.
- At our meeting on **21 August**, we discussed the Group's earnings situation in the first half of 2018 and the latest developments in the third quarter of 2018.
- On **10 October**, we approved the sale of some commercial properties by way of circular resolution.
- In addition to receiving reports on the results of the Group for the first three quarters of 2018 and the latest information on performance in the fourth quarter of 2018, the Supervisory Board meeting on **20 November** involved discussions on the forecast for the 2018 financial year, intensive planning for the 2019 financial year and the medium-term planning up to 2023. The Supervisory Board also evaluated its activities in accordance with the Austrian Code of Corporate Governance (ÖCGK) and discussed the 2018 Own Risk and Solvency Assessment (ORSA).
- The **IT Committee** dealt with the ongoing monitoring of the progress of the project implementing the UNIQA Insurance Platform over the course of four meetings.
- Lastly, the **Audit Committee** held three meetings in 2018, and these meetings were also attended by the auditors of the (consolidated) financial statements. All of the documents relating to the financial statements and the appropriation of profit proposed by the Management Board were discussed at the meeting on 11 April, with the Compliance Manager's annual activity report for 2017 also submitted and acknowledged in particular. At the meeting held on 23 May, the auditor presented the planning for the audit of the 2018 financial statements prepared by the companies in the UNIQA Group and coordinated this planning and strategy with the committee. The committee also discussed its exercise of the responsibilities assigned to it under the Stock Corporation Act and the Insurance Supervision Act along with the Solvency and Financial Condition Report (SFCR) 2017. At the meeting held on 20 November, the auditor informed the committee about the findings from its preliminary audits to date. The future strategic focus and content-related direction of the Audit Committee were also discussed. In addition, the Committee received quarterly reports from Internal Audit on the areas audited by this department and any material findings that arose from these audits.

Committees of the Supervisory Board

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

- The **Working Committee** did not hold any meetings in the past financial year. Three decisions were made by way of circular resolution.
- The **Committee for Board Affairs**, which also exercises the functions of the Nominating and Remuneration Committee, dealt with questions relating to remuneration strategy and succession planning at four separate meetings.
- The **Investment Committee** held four meetings during which the members discussed the capital investment strategy, questions concerning capital structure, and the focus of risk and asset liability management.

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

4. Separate and consolidated financial statements

The separate financial statements prepared by the Management Board, the Management Report of UNIQA Insurance Group AG, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and the Group Management Report for 2018 were audited by PwC Wirtschaftsprüfung GmbH; the statutory auditor also verified that a separate consolidated non-financial report and a consolidated corporate governance report had been prepared for the 2018 financial year. The audit raised no objections. The separate and consolidated financial statements were each awarded an unqualified audit opinion for 2018.

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

The evaluation of UNIQA's compliance with the rules of the Austrian Code of Corporate Governance in the 2018 financial year was carried out by PwC Wirtschaftsprüfung GmbH, whereas compliance with Rules 77 to 83 of the Austrian Code of Corporate Governance was assessed by Schönherr Rechtsanwälte GmbH. The audits found that UNIQA had complied with the rules of the Austrian Code of Corporate Governance in the 2018 financial year to the extent that the rules were included in UNIQA's declaration of conformity.

The Supervisory Board acknowledged the consolidated financial statements for 2018 and approved the 2018 annual financial statements of UNIQA Insurance Group AG. It also endorsed both the Management Report and the Group Management Report. The 2018 annual financial statements were thereby adopted in accordance with Section 96(4) of the Austrian Stock Corporation Act.

The Supervisory Board reviewed and approved the proposal for the appropriation of profit submitted by the Management Board. Accordingly, a dividend distribution of €0.53 per share will be proposed to the Annual General Meeting on 20 May 2019.

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

Vienna, April 2019

On behalf of the Supervisory Board



Walter Rothensteiner
Chairman of the Supervisory Board

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Group Management Report

Economic environment

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

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

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

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

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

The economic environment remains a congenial one, particularly in the countries of Central Europe. With

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

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

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

Property and casualty insurance remains the driver for growth in Austria

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

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

much more moderate at around 1.7 per cent to just under €4.9 billion.

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

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

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

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

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

Developments in the life insurance markets in Central and Eastern Europe, on the other hand, were mixed. Aggregated premium volume fell again slightly in 2018 following solid growth in the previous year. This was mainly due to the negative performance of life insurance in Poland. As in previous years, the marked decline in business with short-term single premium products led to a decline overall in this line of business. Conversely, very high premium growth was recorded in countries where the life insurance business is still underdeveloped, such

as in Croatia, Serbia and North Macedonia. The need for supplementary personal provision for private individuals remains high in these markets due to inadequacies in the state pension systems.

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

UNIQA Group

With a premium volume written (including savings portions from unit-linked and index-linked life insurance) of €5,309.5 million, the UNIQA Group is among the leading insurance groups in Central and Eastern Europe. The savings portions from unit-linked and index-linked life insurance in the amount of €320.5 million are set off against the change in insurance provision, pursuant to FAS 97 (US GAAP). Without taking the savings portions from unit-linked and index-linked life insurance into consideration, the premium volume written amounted to €4,989.0 million.

UNIQA in Europe

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

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

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

Property and casualty insurance

The property and casualty insurance line includes property insurance for private individuals and companies, as well as private casualty insurance. The UNIQA Group received premiums written in property and casualty insurance in 2018 in the amount of €2,774.4 million (2017: €2,639.7 million) – which is 52.3 per cent (2017: 49.9 per cent) of total premium volume. The largest share by far in the volume of property and casualty insurance comes from private consumer business. Most property and casualty insurance policies are taken out for a limited term of up to three years. A broad spread across the different risks of a great many customers and the relatively short terms of these contracts lead to only moderate capital requirements and also make this field of business attractive as a result.

Health insurance

Health insurance in Austria includes voluntary health insurance for private customers, commercial preventive healthcare and opt-out offers for certain independent professions such as lawyers, architects, and chemists. Although health insurance is still at the early stages in CEE, increased levels of prosperity in the region make the long-term growth potential even greater. Group-wide in 2018, premiums written totalled €1,086.4 million (2017: €1,042.0 million) – 20.5 per cent (2017: 19.7 per cent) of total premium volume. UNIQA is the undisputed market leader in this strategically important line of insurance in Austria with around 46 per cent of market share. The overwhelming majority comes from Austria with around 93 per cent of premiums, with the remaining 7 per cent from international business.

Life insurance

Life insurance covers economic risks that stem from the uncertainty as to how long a customer will live. It includes savings products such as classic and unit-linked life insurance. There are also “biometric products” which hedge against risks such as occupational disability, long-term care needs or death. The life insurance business model is oriented towards the long term, with policy terms at around 25 years on average. Life insurance is still facing major challenges, as the low interest rate environment is particularly disadvantageous to all

long-term forms of saving and investment, including for life insurance. In life insurance, UNIQA reached a premium volume (including savings portions from unit-linked and index-linked life insurance) Group-wide in 2018 of €1,448.6 million (2017: €1,611.6 million) – 27.3 per cent (2017: 30.4 per cent) of total premium volume.

Rating

UNIQA has consistently been rated at least “A–” by rating agency Standard & Poor’s since 2013. Standard & Poor’s also confirmed the “A–” rating for UNIQA Insurance Group AG for 2018. The ratings of UNIQA Österreich Versicherungen AG and the Group’s reinsurer, UNIQA Re AG in Switzerland, also remained “A”. UNIQA Versicherung AG in Liechtenstein received an “A–”. Standard & Poor’s rates the outlook for all the companies as stable. UNIQA’s subordinated bonds are rated “BBB”.

Companies included in the IFRS consolidated financial statements

In addition to the annual financial statements of UNIQA Insurance Group AG, the consolidated financial statements include the financial statements of all subsidiaries in Austria and abroad as well as those of the investment funds under the Group’s control. Including UNIQA Insurance Group AG, the basis of consolidation comprised 34 Austrian (2017: 35) and 59 international (2017: 59) subsidiaries along with six Austrian (2017: 6) and one international (2017: 2) investment funds under the Group’s control. The associates are five domestic (2017: 6) and one international company (2017: 1) that were included in the consolidated financial statements using equity method accounting.

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

Error corrections

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

Risk reporting

UNIQA’s comprehensive risk and opportunities report is included in the notes to the 2018 consolidated financial statements.

Corporate Governance Report

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

Consolidated non-financial statement, consolidated non-financial report

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

Group business development

- Premiums written (including savings portions from unit-linked and index-linked life insurance) rose by 0.3 per cent to €5,309.5 million
- Combined ratio improved from 97.5 per cent to 96.8 per cent
- Earnings before taxes increased to €294.6 million
- Consolidated profit of €243.3 million
- Proposed dividend increased by 2 cents to €0.53 per share for 2018
- An increase in pre-tax profit is expected for 2019 following adjustment for the one-time effect from the sale of Casinos Austria Aktiengesellschaft

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

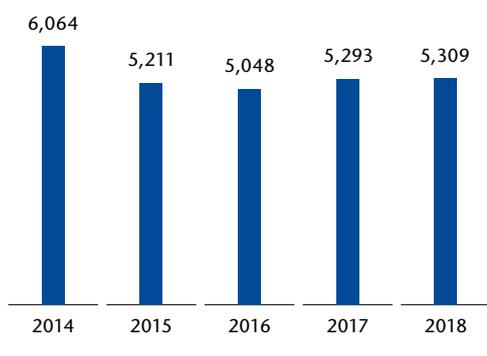
In the area of insurance policies with recurring premium payments, there was an encouraging rise of 3.1 per cent to €5,196.7 million (2017: €5,039.3 million). In the single premium business, however, the premium volume decreased by 55.6 per cent to €112.7 million (2017: €254.0 million) in line with the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

Changes in premiums

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

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

In € million



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

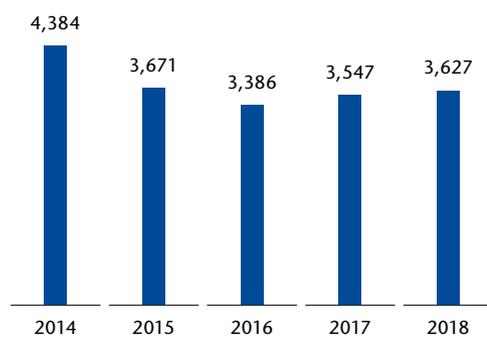
The Group premiums earned, including savings portions from unit-linked and index-linked life insurance (after reinsurance) in the amount of €320.9 million (2017: €476.2 million), fell by 0.4 per cent to €5,081.7 million (2017: €5,104.1 million). The volume of premiums earned (net, in accordance with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

Changes in insurance benefits

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

Insurance benefits (net)

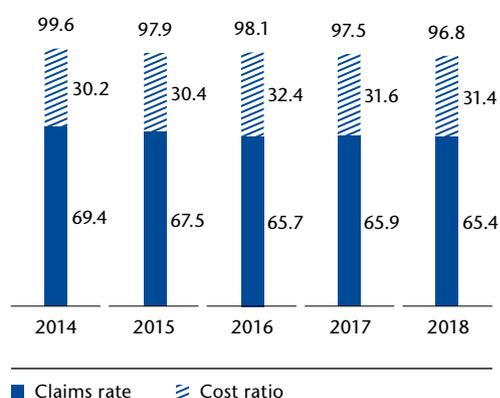
In € million



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

Combined ratio after reinsurance

In per cent



Operating expenses

Total consolidated operating expenses (see note 9 in the consolidated financial statements) less reinsurance commission and share of profit from reinsurance ceded rose by 3.0 per cent to €1,314.7 million in the 2018 financial year (2017: €1,276.0 million). Expenses for the acquisition of insurance less reinsurance commission and share of profit from reinsurance ceded in the amount of €13.6 million (2017: €23.0 million) fell on the other hand by 0.4 per cent to €851.9 million (2017: €855.7 million) as a result of the fall in commissions in the life insurance sector. Other operating expenses increased by 10.1 per cent to €462.7 million (2017: €420.3 million) as a result of higher staff and IT costs. This line item includes expenses amounting to around €43 million (2017: approx. €41 million) within the scope of the innovation and investment programme.

The cost ratio after reinsurance, i.e. the ratio of total operating expenses less the amounts received from reinsurance commission and share of profit from reinsurance ceded to the Group premiums earned, including savings portions from unit-linked and index-linked life insurance, increased to 25.9 per cent during the past year (2017: 25.0 per cent) as a result of the developments mentioned above. The cost ratio before reinsurance rose to 25.2 per cent (2017: 24.6 per cent).

Property and casualty insurance

In € million

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

Health insurance

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

Investments

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

Despite the persistent low interest rate environment and negative currency effects of around €17 million, net investment income increased by 1.6 per cent to €581.2 million (2017: €572.1 million). The main reason for this increase was the completion of the sale of the indirect holding in Casinos Austria Aktiengesellschaft in the first quarter of 2018. The UNIQA Group generated a capital gain of €47.4 million from selling this holding. Due to the recognition of the 14.3 per cent equity-accounted holding in STRABAG SE, there was a positive contribution in the amount of €51.4 million in 2018 (2017: €42.4 million). A detailed description of net investment income can be found in the consolidated financial statements (see note 4 in the consolidated financial statements).

Other income and other expenses

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

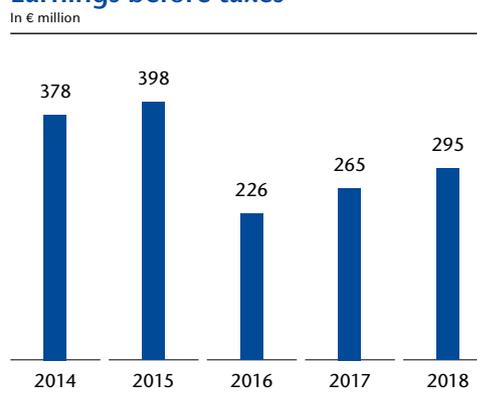
Results

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

Earnings before taxes at UNIQA likewise increased by 11.3 per cent to €294.6 million (2017: €264.6 million), primarily as a result of the improvement in the technical result. The

profit/(loss) for the period rose by 27.5 per cent to €235.1 million (2017: €184.4 million). However, the 2017 comparative value included the profit/(loss) from discontinued operations (after tax) of €33.1 million on account of the sale of the Italian Group companies. Income tax expense increased in 2018 to €59.5 million (2017: €47.2 million), while the tax burden was 20.2 per cent (2017: 17.8 per cent).

Earnings before taxes



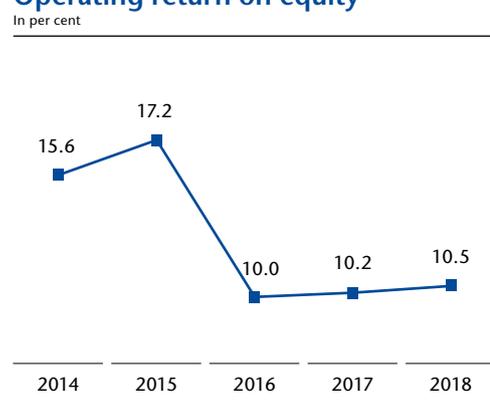
The consolidated profit/(loss), i.e. the proportion of the net profit for the period attributable to the shareholders of UNIQA Insurance Group AG, amounted to €243.3 million (2017: €171.8 million). The earnings per share rose as a result to €0.79 (2017: €0.56).

Earnings per share



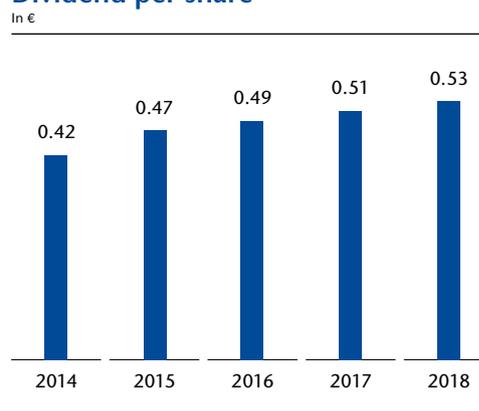
Operating return on equity (earnings before taxes and amortisation of goodwill and impairment losses in relation to average equity, including non-controlling interests and excluding the accumulated profits of the valuation of financial instruments available for sale) came to 10.5 per cent in 2018 (2017: 10.2 per cent). The return on equity (after tax and non-controlling interests) rose to 7.9 per cent in the reporting year (2017: 5.4 per cent).

Operating return on equity



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

Dividend per share



Own funds and total assets

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

Life insurance

In € million

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

Cash flow

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

Employees

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

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

In 2018, 55 per cent of the staff working in administrative positions at UNIQA in Austria were women. In sales, the ratio was 83 per cent men to 17 per cent women. 14.6 per cent (2017: 15.5 per cent) of employees were working part time. The average age in the past year was 44 years (2017: 44 years).

In Austria, almost all employees have a share in the company's

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

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

Operating segments

UNIQA Austria

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

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

Changes in premiums

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

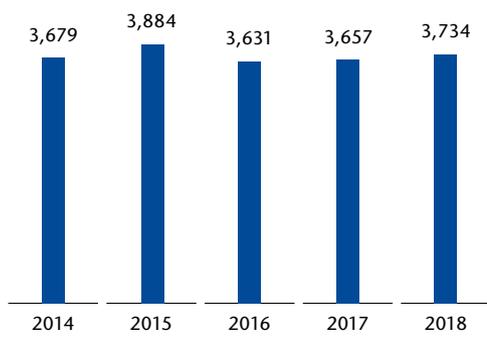
While premiums written in property and casualty insurance rose by 5.0 per cent to €1,703.5 million (2017: €1,621.8 million), in health insurance they increased by 3.0 per cent to €1,008.9 million (2017: €979.7 million). In life insurance (including savings portions from unit-linked and index-linked life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

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

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

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

In € million



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

Changes in insurance benefits

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

Operating expenses

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

The cost ratio of UNIQA Austria after reinsurance, i.e. the ratio of total operating expenses, less reinsurance commission and share of profit from reinsurance ceded, to premiums earned, including savings portions from unit-linked and index-linked life insurance, rose slightly to 18.6 per cent during the past year (2017: 18.3 per cent).

Net investment income

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

Health insurance

In € million

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

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

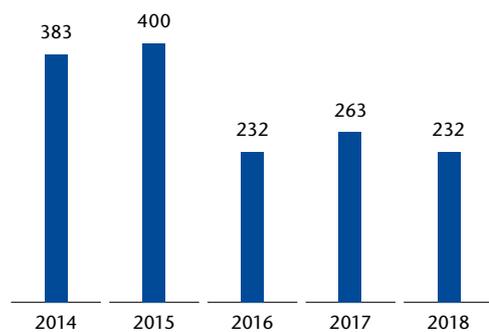
Earnings before taxes

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

Earnings before taxes

UNIQA Austria

In € million



UNIQA International

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

UNIQA International

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

Changes in premiums

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

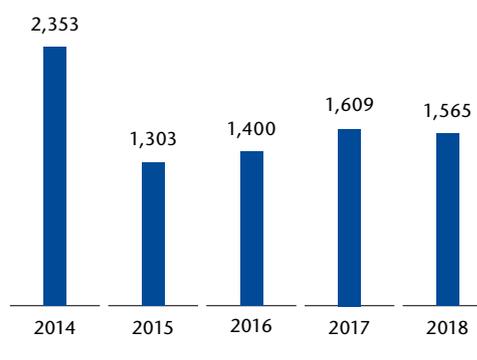
Including savings portions from unit-linked and index-linked life insurance, UNIQA International's volume of premiums earned amounted to €1,059.1 million (2017: €1,139.9 million). The volume of premiums earned (net, in accordance with IFRSs) increased in 2018 by 7.7 per cent to €958.4 million (2017: €890.0 million).

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

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

UNIQA International

In € million



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

Property and casualty insurance

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

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

Changes in insurance benefits

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

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

Operating expenses

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

The cost ratio of UNIQA International after reinsurance, i.e. the ratio of total operating expenses, less reinsurance commission and share of profit from reinsurance ceded, to premiums earned, including savings portions from unit-linked and index-linked life insurance, amounted to 35.6 per cent during the past year (2017: 31.2 per cent).

Health insurance

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

Life insurance

In € million

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

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

Net investment income

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

Earnings before taxes

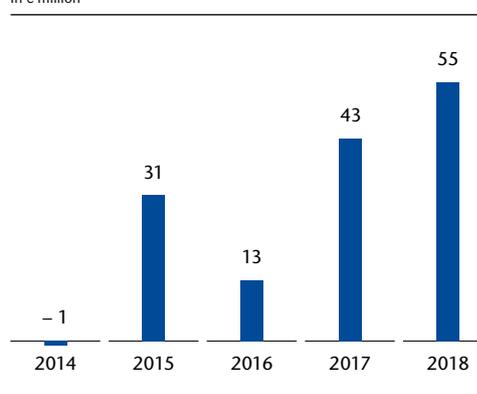
Earnings before taxes in the UNIQA International segment rose 28.9 per cent in the reporting year to €55.1 million (2017: €42.8 million) on account of the significantly improved technical result. Earnings

before taxes in property and casualty insurance improved to €17.5 million (2017: €15.5 million); in health insurance they reached €0.2 million (2017: €-0.1 million). Lastly, in life insurance, earnings before taxes increased by 36.7 per cent to €37.5 million (2017: €27.4 million).

Earnings before taxes

UNIQA International

In € million



Reinsurance

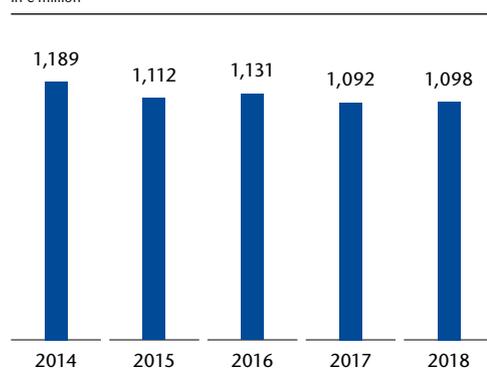
Reinsurance			
In € million	2018	2017	2016
Premiums written	1,098.3	1,091.6	1,130.8
Insurance benefits (net)	-682.4	-692.5	-694.7
Operating expenses (net)	-299.6	-320.2	-330.5
Cost ratio (after reinsurance)	30.4%	31.9%	32.3%
Earnings before taxes	20.9	3.2	18.1
Technical provisions (net)	1,352.1	1,458.2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

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

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

Reinsurance

In € million



The volume of premiums earned (net, in accordance with IFRSs) fell by 1.7 per cent to €985.6 million (2017: €1,003.0 million).

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

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

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

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

Group functions

Group functions			
In € million	2018	2017	2016
Operating expenses (net)	-68.4	-55.3	-49.6
Net investment income	306.0	267.2	152.8
Earnings before taxes	185.6	153.7	51.1

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

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

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

Consolidation

Consolidation

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

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

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

Significant events after the reporting date

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

Outlook

Economic outlook

Austria's economy has two very good years behind it. Economic momentum is expected to weaken somewhat in 2019, but still remain solid. Above all, the positive development on the Austrian labour market should continue to support private household consumption in 2019. In the eurozone, economic growth slowed mainly due to a weakening in export demand. However, the foundation for continued economic expansion is likely to remain intact due to solid domestic demand. Central and Eastern Europe (CEE) managed to continue the process of catching up with the eurozone. Economic researchers expect gross domestic product in CEE (not including Russia) to increase by 3.6 per cent in 2019. On the financial markets, political uncertainties (trade war, Brexit) and lower growth prospects have increased volatility. The ECB has announced an increase in the key interest rate for autumn 2019 at the earliest. However, the start of a cycle of interest rate hikes depends to a large extent on solid economic momentum and sustained stable inflation rates. UNIQA does not expect any significant rise in the general interest rate level in the eurozone.

Outlook for the insurance industry

According to forecasts by the Austrian Insurance Association, total premium revenues in Austria are expected to increase again by 1.5 per cent to around €17.6 billion in 2019. Growth of 2.9 per cent is forecast for property insurance; personal insurance is only likely to grow by 0.1 per cent. Life insurance continues to hold back performance with a decline of an estimated -2.0 per cent, especially in the area of single premiums (-6.1 per cent). Health insurance, on the other hand, is expected to grow by 3.5 per cent.

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

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

Group outlook

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

- The global economic upturn continues in 2019, although it is expected to weaken slightly.
- The ECB's monetary policy remains loose in 2019. UNIQA does not expect any significant rise in the general interest rate level in the eurozone.
- No major disruptions occur on the capital markets.
- There are no drastic finance policy-related, regulatory or legal interventions.
- Damages from natural disasters remain within the average of previous years.

Changes in premiums and income position

UNIQA expects moderate growth in the total premium volume of approximately 1 per cent for 2019. Premium growth of around 2 per cent is expected in property and casualty insurance in 2019. In line with the long-term trend, UNIQA also anticipates growth of around 3 per cent in health insurance, driven primarily by business in Austria. In life insurance, on the other hand, a further decline can be expected due to the continuing low interest rate environment and the subdued demand for long-term provision products.

In 2016, UNIQA began the largest investment programme in the company's history and is currently investing around €500 million in redesigning the business model and developing the required staff competencies and necessary IT systems. This significant investment in the future will continue to impact earnings before taxes in the 2019 financial year as well as in the following years.

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

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

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

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

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

1. The share capital of UNIQA Insurance Group AG is €309,000,000 and is comprised of 309,000,000 individual no par value shares in the name of the bearer. €285,356,365 of the share capital was fully paid in cash and €23,643,635 was paid in non-cash contributions. All shares confer the same rights and obligations.
2. A voting trust agreement exists for shareholdings of UNIQA Versicherungsverein Privatstiftung, Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH, Collegialität Versicherungsverein Privatstiftung and RZB Versicherungsbeteiligung GmbH. Reciprocal purchase option rights have been agreed upon.
3. Raiffeisen Bank International AG holds indirectly, via RZB - BLS Holding GmbH and RZB Versicherungsbeteiligung GmbH, a total of 10.87 per cent (allocated in accordance with the Austrian Stock Exchange Act) of the company's share capital; UNIQA Versicherungsverein Privatstiftung holds directly and indirectly through Austria Versicherungsverein Beteiligungs-Verwaltungs GmbH a total of 49.00 per cent (allocated in accordance with the Austrian Stock Exchange Act) of the company's share capital.
4. No shares with special control rights have been issued.
5. The employees who have share capital exercise their voting rights directly.
6. There are no provisions of the Articles of Association or other provisions that go beyond the statutory provisions for appointing Management Board and Supervisory Board members or for modifying the Articles of Association, with the exception of the rule that when a Supervisory Board member turns 70 years of age, they retire from the Supervisory Board at the end of the next Annual General Meeting.
7. The Management Board is authorised to increase the company's equity capital up to and including 30 June 2019 with the approval of the Supervisory Board by a total of no more than €81,000,000 by issuing up to 81,000,000 no-par voting shares in the name of the

holder or registered for payment in cash or in kind, one time or several times. The Management Board is further authorised until 29 November 2020 to buy back up to 30,900,000 treasury shares (together with other treasury shares that the company has already acquired and still possesses) through the company and/or through subsidiaries of the company (Section 66 of the Stock Corporation Act). As at 31 December 2017, the company held 2,034,739 treasury shares. 1,215,089 treasury shares are held through UNIQA Österreich Versicherungen AG. This share portfolio resulted from the merger in 2016 of BL Syndikat Beteiligungs Gesellschaft m.b.H. as the transferring company, with UNIQA Insurance Group AG as acquiring company (payment of portfolio in UNIQA shares to shareholders of BL Syndikat Beteiligungs Gesellschaft m.b.H.). This share portfolio is not to be included in the highest number of treasury shares.

8. Concerning the holding company STRABAG SE, corresponding agreements with other shareholders of this holding company exist.
9. No reimbursement agreements exist for the event of a public takeover offer.

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

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

Objectives:

- a) To identify and evaluate risks that could obstruct the goal of producing (consolidated) financial statements that comply with regulations

- b) To limit recognised risks, for example by consulting with external specialists
- c) To review external risks with regard to their influence on the consolidated financial statements and the corresponding reporting of these risks

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

Organisational structure and control environment

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

Identification and control of risks

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

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

Information and communication

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

Measures to ensure effectiveness

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

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

Reporting to the Supervisory Board/Audit Committee

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

Proposed appropriation of profit

The separate financial statements of UNIQA Insurance Group AG, prepared in accordance with the Austrian Commercial Code and the Insurance Supervisory Act, report an annual net profit for the 2018 financial year in the amount of €164,365,414.37 (2017: €158,160,654.22). The Management Board will propose to the Annual General Meeting on 20 May 2019 that this net profit be used for a dividend of €0.53 for each of the 309,000,000 dividend-entitled no-par value shares issued as at the reporting date and the remaining amount carried forward to a new account.

Vienna, 22 March 2019



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Chairman of the Management Board



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Member of the Management Board



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Member of the Management Board

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Information

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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 us at the present time. If the assumptions on which they are based do not occur, the actual events may vary from the results currently expected. As a result, no guarantee can be provided for the information given.



