



VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe
Supplementary Information on the Group Embedded Value Results 2010

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1. Introduction

The VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG) last disclosed its Group Embedded Value (GEV) results in March 2010 for the year 2009. The disclosure included the European Embedded Value (EEV) or the Traditional Embedded Value (TEV) for the majority of the Life and Health (L&H) businesses, and the Adjusted Net Asset Value (ANAV) for the majority of Property & Casualty (P&C) businesses.

In accordance with VIG's goal of continually improving the GEV reporting, VIG has changed from the TEV to the EEV methodology for Interrisk Life in Germany, Union and Erste Biztosito in Hungary, Erste Osiguranje in Croatia, Compensa Life and Benefia Life in Poland and BCR Life in Romania. Komunalna in Slovakia and for VIG RE in Czech Republic have been included in the GEV 2010 on the basis of their EEV and ANAV for the first time. In addition the newly established VIG Holding company is shown with its ANAV.

VIG has a successful track record of dynamic expansion in Central and Eastern Europe (CEE). The integration of the acquired businesses in VIG, and the resultant restructuring, is in some cases still ongoing. It has therefore not been possible to determine the EEV or ANAV for all the companies in CEE. These companies have been included in the GEV with a value not higher than the value for these companies as shown in VIG's consolidated IFRS accounts.

Table 1 below shows the companies for which the EEV or ANAV has been calculated and the corresponding valuation methodology. The EEV is determined for the L&H businesses and the ANAV for the P&C businesses.

Table 1

Country	Company	Valuation methodology
Austria	VIG Holding	ANAV
	Wiener Städtische Versicherung	EEV and ANAV
	Donau Versicherung	EEV and ANAV
	s Versicherung	EEV
Germany	InterRisk	ANAV
	InterRisk Life	EEV
Czech Republic	Kooperativa	EEV and ANAV
	CPP	EEV and ANAV
	PCS	EEV
	VIG RE	EEV and ANAV
Slovakia	Kooperativa	EEV and ANAV
	Komunalna	EEV and ANAV
	PSLSP	EEV
Hungary	Union	EEV and ANAV
	Erste	EEV
Poland	Compensa	ANAV
	Compensa Life	EEV
	Benefia	ANAV
	Benefia Life	EEV
	PZM	ANAV
	InterRisk	ANAV
Romania	BCR Life	EEV
Croatia	Erste	EEV

Where one part of the covered business has an interest in another business, the ANAV of that business excludes the book value and any unrealized capital gains in respect of the dependent business.

VIG has applied a bottom-up methodology in setting the economic assumptions for the EEV calculations. The CFO Forum of European Insurers' Market Consistent Embedded Value Principles¹ ("the Principles")

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are not mandatory until the reporting year 2011. VIG upgraded its GEV methodology for the reporting period 2008 to allow for many of the important aspects of the Principles (e.g. the Cost of Residual Non-Hedgeable Risks has been determined for the EEV businesses).

In order to appropriately reflect the long term and relatively illiquid nature of the insurance liabilities, VIG applied liquidity margins to the swap rates for the GEV at December 31, 2009 and 2010 as detailed in Section 4.1.

The directors of VIG acknowledge their responsibility for the preparation of the supplementary information. B&W Deloitte GmbH, Cologne, has been retained to review VIG's GEV calculation. The scope and the results of its independent review are set out in the Appendix.

The GEV disclosure should not be viewed as a substitute for VIG's primary financial statements.

2. Summary of results

The GEV is an estimate of the economic value of insurance business including future profits on existing business, but excluding any profits on future business. It corresponds to the total net of tax statutory profits distributable to the shareholders after allowance for the risks included in the covered business.

The GEV includes the following components:

- ANAV – for the P&C business only this component is included
- Value of In-Force (VIF) determined as
 - Present Value of Future Profits (PVFP) minus
 - Time Value of Financial Options and Guarantees (TVFOG) minus
 - Frictional Cost of Required Capital (FCRC) minus
 - Cost of Residual Non-Hedgeable Risks (CRNHR)

All the values shown in this disclosure are after tax and exclude minority interests unless otherwise stated. The results are generally shown separately for Austria and Germany (A/G) and CEE.

2.1. Group Embedded Value (GEV)

The following table shows the GEV results for the year ending December 31, 2010 and the restated GEV results for the year ending December 31, 2009.

€ mn

Table 2

	L&H		P&C		Total	
	2010	2009(*)	2010	2009(*)	2010	2009(*)
Austria / Germany						
Free Surplus	342.8	207.8				
Required Capital	394.1	381.4				
ANAV	736.9	589.1	- 197.4	73.9	539.5	663.0
PVFP	1,484.8	1,444.0			1,484.8	1,444.0
- TVFOG	- 222.0	- 185.7			- 222.0	- 185.7
- FCRC	- 48.9	- 49.3			- 48.9	- 49.3
- CRNHR	- 99.2	- 105.7			- 99.2	- 105.7
VIF	1,114.7	1,103.2			1,114.7	1,103.2
Subtotal A/G	1,851.6	1,692.4	- 197.4	73.9	1,654.2	1,766.3
CEE						
Free Surplus	461.5	278.6				
Required Capital	216.7	184.8				
ANAV	678.2	463.4	1,858.1	1,706.6	2,536.3	2,170.0
PVFP	1,004.9	840.6			1,004.9	840.6
- TVFOG	- 55.0	- 50.4			- 55.0	- 50.4
- FCRC	- 15.2	- 15.3			- 15.2	- 15.3
- CRNHR	- 62.5	- 43.8			- 62.5	- 43.8
VIF	872.2	731.1			872.2	731.1
Subtotal CEE	1,550.4	1,194.5	1,858.1	1,706.6	3,408.5	2,901.1
Total	3,402.0	2,886.9	1,660.7	1,780.5	5,062.7	4,667.4

(*) The results shown above are after restatement

The results as at December 31, 2009 have been restated. The restatement of the reported 2009 results includes:

- the change in the scope of the companies for which an EEV or ANAV has been calculated, and the resultant elimination of the difference between the value in VIG's consolidated IFRS accounts and the corresponding EEV or ANAV;

- the impact of methodology change from TEV to EEV for Interrisk Life, Union, Erste Biztosito, Erste Osiguranje, Compensa Life, Benefia Life and BCR Life.

In addition to the ANAV shown above for the P&C companies, the VIF has been calculated for the personal lines segments of Wiener Städtische and Donau sold through VIG's employed sales force. Internal analyses show that the development of the in force portfolio for these personal lines segments is reasonably predictable and can be compared to the run-off of an existing life insurance portfolio. This VIF after the cost of capital, excluding any value arising from new business sold in the future to new policyholders, amounts to € 622.7 mn as at December 31, 2010 (€ 618.0 mn as at December 31, 2009). The development of the VIF is one of the key performance indicators used internally to manage this business. Owing to the lack of comparable figures from peer companies, the VIF for the P&C business has been excluded from the GEV shown above and has not been subject to an independent review in 2010.

2.2. Return on GEV by segment

The return on GEV split by the regions A/G and CEE, and the segments L&H and P&C allows for the transfers between segments and regions.

€ mn Table 3

	L&H		P&C		Total	
Austria / Germany						
EV Dec 31, 2010	1,851.6		- 197.4		1,654.2	
EV Dec 31, 2009 Reported	1,684.2		73.3		1,757.5	
EV Dec 31, 2009 Restated	1,692.4		73.9		1,766.3	
EV Dec 31, 2009 Restated and Adjusted	1,772.0		- 142.0		1,630.0	
Dividends	- 52.1		63.7		11.6	
Closing Adjustments	0.0		- 46.3		- 46.3	
<i>Return on EV</i>	79.6	4.5%	- 9.1	-6.4%	70.5	4.3%
CEE						
EV Dec 31, 2010	1,550.4		1,858.1		3,408.5	
EV Dec 31, 2009 Reported	1,093.3		1,734.4		2,827.7	
EV Dec 31, 2009 Restated	1,194.5		1,706.6		2,901.1	
EV Dec 31, 2009 Restated and Adjusted	1,316.9		1,692.2		3,009.1	
Dividends	- 24.2		- 102.7		- 126.9	
Closing Adjustments	0.0		46.3		46.3	
<i>Return on EV</i>	233.5	17.7%	119.6	7.1%	353.1	11.7%
Return on Total GEV	313.1	10.1%	110.5	7.1%	423.6	9.1%

The opening adjustments included in the restated and adjusted results include:

- dividends of € 115.2 mn paid in 2010;
- transfers of holdings in subsidiaries between segments (i.e. L&H and/or P&C in A/G and/or CEE);
- the impact of foreign exchange movements.

The return on GEV after restatement and adjustments in 2010 can be explained by the following factors:

- The total surplus in claims reserves increased by 10% compared to 2009 and therefore has a positive impact on the development of the ANAV for the P&C segments;
- The restructuring of VIG to split the functions of the holding and insurance operations took place in 2010 and had a positive impact on the GEV;
- Economic variance had a negative impact on the GEV;

- The EEV for the L&H segment in A/G has increased. The operating result continues to be positive as a result of the value of new business. The lower interest rates had a negative impact on the TVFOG and VIF;
- The EEV for the life businesses in CEE have increased significantly. The ANAV has increased due to retained profits. The VIF has increased due to the value of new business;
- The closing adjustments show the internal capital increases from the P&C segment in A/G to the P&C segment in CEE.

2.3. New Business Value (NBV)

The NBV is calculated as the PVFP for the new L&H business sold in 2010 less the new business strain, the TVFOG, FCRC and CRNHR. The L&H companies in Austria do not defer acquisition costs for the traditional life insurance business in the local statutory accounts or in VIG's consolidated IFRS accounts. Therefore the new business strain for the Austrian business includes the shareholder's share of the total acquisition expenses.

The NBV has only been calculated for the L&H business and the following table shows the results for 2010 and restated 2009 results. The restated 2009 results allow for the inclusion of Komunalna and VIG RE new business for the first time, as well as for the Interrisk Life, Union, Erste Biztosito, Erste Osiguranje, Compensa Life, Benefia Life and BCR Life new business on an EEV basis.

€ mn Table 4

	2010	2009(*)	+ / - %
Austria / Germany			
NBV	49.8	51.5	- 3.3%
APE	216.5	203.8	6.3%
<i>APE-Ratio</i>	23.0%	25.3%	- 9.0%
PVNBP	2,045.1	1,987.5	2.9%
<i>PVNBP-Ratio</i>	2.4%	2.6%	- 6.1%
CEE			
NBV	148.9	81.6	82.4%
APE	224.3	178.8	25.4%
<i>APE-Ratio</i>	66.4%	45.7%	45.4%
PVNBP	1,506.8	1,140.3	32.1%
<i>PVNBP-Ratio</i>	9.9%	7.2%	38.1%
NBV-Total	198.7	133.1	49.3%
APE-Total	440.8	382.6	15.2%
<i>APE-Ratio Total</i>	45.1%	34.8%	29.5%
PVNBP-Total	3,552.0	3,127.8	13.6%
<i>PVNBP-Ratio Total</i>	5.6%	4.3%	31.4%

(*) The results shown above are after restatement

The NBV has increased due to higher sales volumes in CEE. The profit margins in A/G have remained stable. For CEE the profit margins have increased significantly compared to 2009.

3. Methodology

The shareholders' interest in the covered business is represented by the GEV. The components of the GEV are described below. Calculations are performed separately for each business and are based on the cash flows of that business after allowing for both external and intra-group reinsurance.

3.1. Adjusted Net Asset Value

The ANAV is defined as:

- the shareholders' funds under the local GAAP bases including the retained profit or loss for the reporting year prior to the valuation date;
- plus the "untaxed reserves" after tax – these reserves are available to cover the solvency requirements and are not required to cover the liabilities on the basis of the best estimate assumptions;
- plus the shareholders' share of the unrealized capital gains after tax to the extent that these are not included in the calculation of the VIF for the L&H businesses;
- plus the surplus in claims reserves after tax (only for the P&C businesses);
- less goodwill and other intangible items after tax in respect of the companies for which the EEV or surplus in claims reserves after tax has been calculated;
- less the after tax difference between the IFRS and local GAAP pension liabilities;
- less the difference after tax between the market and nominal value of the subordinated debt.

The Austrian operations are composite insurance companies and their assets are split between the operating segments (i.e. P&C, Life and Health) on the basis of the statutory balance sheets. The assets for the L&H operating segments are further split between the participating business, non-participating business and shareholder fund. In Austria it is possible to transfer assets between the operating segments on the basis of their book values.

In 2010 most of VIG's insurance subsidiaries were reallocated to the new holding company VIG. The main exceptions are s Versicherung, which is partially allocated to the Wiener Städtische Life segment, and Donau, which is partially allocated to the s Versicherung P&C segment.

The after tax unrealized capital gains for the P&C segment have been fully allocated to the shareholders and have been included in the ANAV. For the Life segment the unrealized capital gains have been included in the calculation of the VIF to the extent that they were required to support the policyholder profit participation. The balance has been included in the ANAV after allowing for the relevant minimum profit participation rules and the company's profit participation strategy. The unrealized capital gains for the Health segment in A/G have been divided 68%:32% between the ANAV and VIF.

For the P&C businesses, the surplus in claims reserves is the after tax amount by which the claims reserves (including the claims equalization reserves) in the local statutory balance sheets exceed a given actuarial best estimate of the required reserve. The best estimate reserve has been defined as the mean of the eventual payments that will be made in respect of outstanding claims from the in force portfolio, whether currently reported or not. Carrying an accounted reserve with a surplus means that the accounted reserve includes a margin above the expected value of the eventual claims payments. This margin allows for a degree of adverse claims settlement outcome without exhausting the reserve. Future claims payments are not discounted in the calculation of the surplus in claims reserve.

The Required Capital for each L&H company or segment has been determined as the maximum of (i) the standalone capital requirements under VIG's internal risk capital model or (ii) consistent with the capital requirements determined by Standard & Poor's for an A rating, 150% of the statutory solvency margin for the L&H segments of Wiener Städtische in Austria and VIG RE in Czech Republic and 100% of the statutory solvency margin for all other companies. These requirements are reduced to allow for subordinated debt and the funds for future policyholder profit participation to the extent that these are available and can be used to cover the statutory solvency margin. The Free Surplus is the ANAV in excess of the total Required Capital covered by the shareholders' funds.

3.2. Value of In-Force and Financial Options and Guarantees

The VIF calculated for the L&H companies is the value of the projected net of tax statutory distributable profits arising from the in force business. It does not include profits from future new business.

The EEV for the life businesses allows for each company's profit participation strategy and also the local minimum legal requirements for profit sharing.

The PVFP is determined by projecting cash flows under the assumption that the future investment returns on all assets are equal to the rates implied by the reference interest curve at the valuation date. The other assumptions (including expenses, surrender rates, mortality and morbidity rates, shareholder participation rates and tax rates) are set on a best estimate basis that reflects each business' recent experience and expected future trends. Where appropriate, the projection models allow for management actions and policyholder behavior, i.e. some assumptions (e.g. the asset allocation or surrender rates) vary depending on the future economic conditions. The resulting statutory shareholder profits are discounted at the reference interest rates and this is defined as the "certainty equivalent" PVFP. This value takes account of the intrinsic value of financial options and guarantees.

For the material businesses, the TVFOGs are valued explicitly as the difference between the "stochastic" PVFP and the "certainty equivalent" PVFP. The "stochastic" PVFP is defined as the average – over one thousand economic scenarios – of the discounted value of the projected after-tax statutory shareholder profits. The economic scenarios represent possible future outcomes for capital market variables such as interest rates, equity returns and inflation.

For a number of smaller insurance subsidiaries, the TVFOGs for the conventional life products are estimated using prudent benchmarks. This applies to less than 2% of the technical provisions of VIG.

3.3. Frictional Cost of Required Capital

The FCRC has been calculated as the present value at the reference interest rates of the frictional costs on the total Required Capital. The frictional costs on the Required Capital covered by the shareholders' funds have been defined as the sum of the corporate tax on the future investment returns and investment expenses.

The same definitions for the FCRC have been applied for the in force business and the new business.

3.4. Cost of Residual Non-Hedgeable Risks

The CRNHR allow for the non-financial (i.e. mortality, morbidity, lapse and expense) and operational risks on the basis of the cost of holding risk capital to cover these risks. The risk capital is based on VIG's internal risk capital model and is equal to the stand alone risk capital at the 99.5% percentile. The internal risk capital model has been cross-checked with the QIS 5 technical specifications. No allowance has been made for diversification between companies or between financial, non-financial or operating risks. The risk capital is

projected over the life time of the portfolio on the basis of projected reserves, premiums or other relevant risk drivers. The same risk drivers are used to project the risk capital for in force and new business.

3.5. New Business Value

The NBV represents the value generated by new business sold during the reporting period. New business premiums are defined as premiums arising from sales of new contracts during the period and increases on existing contracts. New business includes policies where a new contract is signed or underwriting is carried out. New business includes changes to health insurance premiums due to medical inflation.

4. Assumptions

4.1. Economic Assumptions

The reference interest rates used for the EEV calculations at December 31, 2010 and 2009 are shown in Table 5 below. They are based on the corresponding swap rates and the values at December 31, 2010 and 2009 and include a liquidity spread of 0.25% for all terms.

Table 5

Reference rate	EUR		CZK		HUF		PLN		RON	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
1 year	1.56%	1.56%	1.71%	1.91%	6.68%	6.56%	4.71%	4.77%	6.50%	9.95%
2 year	1.83%	2.10%	2.23%	2.49%	6.83%	7.05%	5.13%	5.33%	6.44%	9.53%
5 years	2.76%	3.09%	2.92%	3.30%	7.25%	7.52%	5.75%	6.05%	6.65%	8.99%
10 years	3.64%	3.95%	3.52%	3.91%	7.48%	7.40%	5.92%	6.06%	6.14%	8.70%
20 years	4.08%	4.48%	4.03%	4.23%	6.51%	6.64%	5.32%	5.72%	5.74%	8.75%

For Croatia the reference rates were based on the EUR swap yield curve plus a spread to reflect the difference between the EUR swap curve and Croatian government bond yields. The spread was 2.75% in 2010 (2.00% in 2009).

The swaption implied volatilities and the equity option volatilities used to calibrate the economic scenario generator as at December 31, 2010 and 2009 are based on implied volatilities as at December 31, 2010 and 2009. The swaption volatilities are shown in Table 6 and the equity option volatilities are shown in Table 7.

Table 6

Option Term	Interest rate volatility (*)			
	EUR		CZK	
	2010	2009	2010	2009
1 year	24.35%	20.18%	24.20%	20.97%
2 year	22.32%	18.72%	22.67%	19.64%
5 years	19.08%	16.10%	19.10%	16.82%
10 years	17.60%	14.40%	17.11%	14.91%
20 years	22.22%	16.15%	22.11%	20.41%

(*) Volatilities implied on 10-year tenor at the money

Table 7

Term	Equity volatility			
	EUR		CZK	
	2010	2009	2010	2009
1 year	21.21%	23.91%	22.11%	25.38%
2 year	21.67%	24.73%	22.47%	26.10%
5 years	22.38%	26.17%	23.01%	27.08%
10 years	23.89%	28.81%	24.18%	28.97%
20 years	25.26%	32.62%	26.60%	32.36%

The correlation assumptions used to calibrate the economic scenarios are based on historic market data.

The price inflation assumptions are scenario dependent and are set with regard to the assumed reference rates. The medical inflation rates assumed for the Austrian health insurance business were fixed at 2.0% p.a. for the December 31, 2010 and 2009 calculations.

The capital charge assumed for the CRNHR is 2% p.a. on the projected risk capital for both 2010 and 2009.

Table 8 shows the foreign currency exchange rates against EUR and also the assumed tax rates.

Table 8

	Exchange rate		Tax rate	
	2010	2009	2010	2009
Austria	-	-	25.00%	25.00%
Germany	-	-	30.00%	30.00%
Czech Republic	25.06	26.47	19.00%	20% (2009) 19% (2010+)
Croatia	7.38	7.30	20.00%	20.00%
Slovakia	-	-	19.00%	19.00%
Poland	3.98	4.10	19.00%	19.00%
Hungary	277.95	270.42	19.00%	20.00%
Romania	4.26	4.24	16.00%	16.00%

4.2. Operating Assumptions

Shareholder returns for with-profit business are determined in accordance with local legal minimum profit participation rules and are consistent each company's practice.

The assumed profit sharing for the Austrian Health insurance business, in accordance with current practice, has been limited to the "no claims bonus". It does not allow for the minimum profit sharing rules that were introduced by the Austrian Supervisory Authority (FMA) in 2007, because these rules are not applicable to Wiener Städtische's health insurance portfolio as at December 31, 2010 and 2009.

Other actuarial assumptions such as mortality and morbidity rates, surrender and annuity take-up rates have been included on a best estimate basis. These assumptions are reviewed regularly and adjusted to reflect historical experience and expected trends.

Expense assumptions have been based on the companies' recent experience. No expenses have been excluded as one-off expenses and all the expenses within VIG, including corporate centre expenses, have been allocated to the operating segments L&H or P&C. For three start-up companies it has been assumed that expected long-term levels of expenses will be achieved over a period of 5-8 years.

5. Analysis of change

The following tables show the analysis of change in the EEV for the L&H business in total and also separately for A/G and CEE.

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Table 9

	VIG EEV			
	Free Surplus	Required Capital	VIF	EEV
Value as at Dec 31, 2009 reported	529.3	504.3	1,744.0	2,777.5
Value as at Dec 31, 2009 restated	486.4	566.2	1,834.3	2,886.9
Capital and Dividend Flows	- 76.2	0.0	0.0	- 76.2
Foreign Exchange Variances	7.5	5.5	23.9	36.9
Acquired/Divested Businesses	215.1	3.8	22.5	241.3
Value as at Dec 31, 2009 restated and adjusted	632.7	575.5	1,880.7	3,088.9
New Business Value	- 164.4	61.4	301.7	198.7
Roll forward reference rate	16.9	0.0	47.4	64.3
Roll forward excess rate	14.9	0.0	34.2	49.1
Transfers from VIF and required capital to free surplus	245.5	- 15.0	- 230.5	0.0
Experience Variance	38.5	- 7.7	21.2	52.0
Assumptions changes	2.7	0.1	97.6	100.3
Other operating variance	- 91.3	- 3.2	- 6.0	- 100.6
Operating EEV earnings	62.7	35.6	265.6	363.9
Economic Variance	108.5	- 0.3	- 140.9	- 32.8
Other non operating variance	0.4	0.0	- 18.5	- 18.1
Total EEV earnings	171.6	35.3	106.1	313.1
Closing adjustments	0.0	0.0	0.0	0.0
Value as at Dec 31, 2010	804.3	610.8	1,986.9	3,402.0

€ mn

Table 10

	A/G EEV			
	Free Surplus	Required Capital	VIF	EEV
Value as at Dec 31, 2009 reported	227.6	356.7	1,099.9	1,684.2
Value as at Dec 31, 2009 restated	207.8	381.4	1,103.2	1,692.4
Capital and Dividend Flows	- 52.1	0.0	0.0	- 52.1
Foreign Exchange Variances	0.0	0.0	0.0	0.0
Acquired/Divested Businesses	131.7	- 0.0	- 0.0	131.7
Value as at Dec 31, 2009 restated and adjusted	287.4	381.4	1,103.2	1,772.0
New Business Value	- 71.3	23.8	97.2	49.8
Roll forward reference rate	7.6	0.0	28.6	36.2
Roll forward excess rate	14.3	0.0	31.3	45.6
Transfers from VIF and required capital to free surplus	135.9	- 10.6	- 125.3	0.0
Experience Variance	- 27.4	- 0.8	94.9	66.7
Assumptions changes	1.1	0.0	63.0	64.2
Other operating variance	- 100.8	0.1	- 28.2	- 128.8
Operating EEV earnings	- 40.6	12.6	161.5	133.5
Economic Variance	95.5	0.1	- 131.4	- 35.8
Other non operating variance	0.5	0.0	- 18.7	- 18.2
Total EEV earnings	55.4	12.7	11.4	79.6
Closing adjustments	0.0	0.0	0.0	0.0
Value as at Dec 31, 2010	342.8	394.1	1,114.7	1,851.6

	CEE EEV			
	Free Surplus	Required Capital	VIF	EEV
Value as at Dec 31, 2009 reported	301.7	147.6	644.1	1,093.3
Value as at Dec 31, 2009 restated	278.6	184.8	731.1	1,194.5
Capital and Dividend Flows	- 24.2	0.0	0.0	- 24.2
Foreign Exchange Variances	7.5	5.5	23.9	36.9
Acquired/Divested Businesses	83.4	3.8	22.5	109.6
Value as at Dec 31, 2009 restated and adjusted	345.3	194.1	777.5	1,316.9
New Business Value	- 93.1	37.6	204.5	148.9
Roll forward reference rate	9.3	0.0	18.8	28.1
Roll forward excess rate	0.7	0.0	2.9	3.5
Transfers from VIF and required capital to free surplus	109.6	- 4.4	- 105.1	0.0
Experience Variance	65.9	- 6.9	- 73.6	- 14.6
Assumptions changes	1.6	0.0	34.5	36.2
Other operating variance	9.4	- 3.4	22.1	28.2
Operating EEV earnings	103.4	22.9	104.1	230.4
Economic Variance	13.0	- 0.4	- 9.6	3.0
Other non operating variance	- 0.2	- 0.0	0.2	0.1
Total EEV earnings	116.2	22.6	94.7	233.5
Closing adjustments	0.0	0.0	0.0	0.0
Value as at Dec 31, 2010	461.5	216.7	872.2	1,550.4

The total impact of the restatement to the 2009 reported results is € 109.4 mn resulting from the changes in methodology, and the change in the scope of the companies included in the EEV reporting. The biggest impact is the inclusion of the VIF for VIG Re L&H.

The opening adjustments of € 202.0 mn include:

- the transfer of subsidiaries between the L&H and P&C segments in A/G and CEE;
- the dividends paid to shareholders from the L&H segments in 2010;
- the impact of exchange rate movements.

The NBV at the point of sale for A/G is € 49.8 mn. The significant decrease in the free surplus is due to the non-deferral of the acquisition expenses for the conventional business in Austria and this is compensated by a higher VIF. The NBV for CEE is € 148.9 mn. The NBVs in A/G and CEE were positively impacted by conversion programs in s Versicherung and Kooperativa (Czech Republic) which resulted in higher new business premiums.

The expected existing business contribution on the basis of the reference rate for A/G is € 36.2 mn. This represents the unwinding at the reference rate of all the components of the EEV with the exception of the free surplus which increases at the reference rate after tax. The unwinding also includes a release of the TVFOG for one year. The corresponding result for CEE is € 28.1 mn.

The expected existing business contribution in excess of the reference rates reflects the differences between management's best estimates for the investment returns on assets and the reference rates. The total impact is € 49.1 mn.

The experience variance is € 66.7 mn for A/G and € -14.6 mn for CEE. These amounts include a number of positive and negative variances. The main impacts in A/G are from a one-off positive effect of converting pension products with high levels of guarantees into more profitable products, and premium adjustments in health business. In CEE, the main impact was due to negative lapse experience.

The impact of the assumption changes is € 64.2 mn for A/G and € 36.2 mn for CEE. The positive impact in A/G was mainly due to expenses assumptions. In CEE the positive impact was mainly due to improved expenses and mortality assumptions.

The other operating variances are € -128.8 mn in A/G and € 28.2 mn in CEE. In A/G the most significant of these is the impact of the restructuring of VIG due to the creation of the holding company. In CEE the positive variance was due to modelling changes and changes to profit sharing rules.

The economic variance in A/G amounts to € -35.8 mn. There was a positive impact on the free surplus due to a high investment return in 2010. The VIF reduced significantly due to the lower interest rates as compared to 2009. The TVFOG has increased due to lower long term interest rates and higher interest rate volatility. The economic variance in CEE of € 3.0 mn is positive but less significant than the impact in A/G.

There were no closing adjustments.

6. Sensitivity analysis

The sensitivities for the EEV results for the L&H business assume the same management actions and policyholder behaviour as for the base case. The sensitivities are generally correlated so that the impact of two events occurring simultaneously will probably not be the same as sum of the individual sensitivities.

- **Increase/decrease of 100 bps to reference rates**

This sensitivity shows the impact of a sudden parallel shift in reference rate, accompanied by a corresponding change in the other economic assumptions including discount rates, equity and property returns, and the market values of fixed income assets.

For A/G the -100 bps sensitivity is more significant than the +100 bps sensitivity because it leads to more of the interest guarantees on the participating business coming into the money. The losses in this situation can only partly be met by reducing future policyholder profit participation. The higher surplus for the +100 bps sensitivity has to be shared with policyholders. The NBV sensitivity is higher because there is no compensating impact from the existing fixed income assets. The sensitivities for CEE are lower because the higher proportion of unit linked and non-participating business means that the impact of a change in the yield curve is partly offset by the change in the risk discount rate.

- **Increase/decrease of 25 bps to liquidity premium**

The liquidity premium sensitivities are broadly symmetrical for EEV. For NBV the decrease of the liquidity premium has a higher impact. The liquidity premium sensitivities do not have any impact on the market value of the assets at the valuation date and therefore the consequences of the shifts are significantly different from the effects of the yield curve sensitivities.

- **10% decrease in the equity and property values at the valuation date**

The impact of this sensitivity in A/G and CEE is not significant.

- **25% increase to the equity and property volatilities**

The impact of this sensitivity in A/G and CEE is not significant.

- **25% increase to the swaption volatilities**

The overall impact on A/G is reduced because the premiums for the Austrian health business can be amended to allow for changes in interest rates. The TVFOGs for the A/G life businesses increase by 29%. The impact of this sensitivity in CEE is not significant.

- **10% increase/decrease in maintenance expenses**

These sensitivities for both A/G and CEE are broadly symmetrical and consistent with the results for last year.

- **10% increase/decrease in lapse rates**

The lapse rate sensitivities for both A/G and CEE are broadly symmetrical.

- **5% decrease in mortality rates for assurances**

The impact of this sensitivity in A/G and CEE is not significant.

- **5% decrease in mortality rates for annuities**

The impact of this sensitivity in A/G and CEE is not significant.

- **Required capital equal to local solvency capital**

In this sensitivity the Required Capital for the Wiener Städtische in A/G and VIG RE in Czech Republic is reduced from 150% to 100% of the local solvency capital. The requirements are reduced to allow for subordinated debt and the funds for future policyholder profit participation to the extent that these are available and can be used to cover the statutory solvency margin. The sensitivity is relatively small because the additional 50% Required Capital is mostly covered by subordinated debt.

6.1. EEV

The following table shows the sensitivity of the EEV as at December 31, 2010 to changing various assumptions.

€ mn

Table 12

		A/G	As % of Base	CEE	As % of Base	Total	As % of Base	
Base value		1,851.6	100.0%	1,550.4	100.0%	3,402.0	100.0%	
Change in Yield Curve	+ 1%	2,054.7	111.0%	1,542.4	99.5%	3,597.1	105.7%	
	- 1%	1,460.4	78.9%	1,540.4	99.4%	3,000.9	88.2%	
Liquidity Premium	- 0.25%	1,724.9	93.2%	1,531.3	98.8%	3,256.2	95.7%	
	+ 0.25%	1,966.9	106.2%	1,567.7	101.1%	3,534.6	103.9%	
Equity and Property Values		- 10%	1,778.3	96.0%	1,546.4	99.7%	3,324.7	97.7%
Equity and Property Implied Volatilities		+ 25%	1,844.3	99.6%	1,545.6	99.7%	3,389.9	99.6%
Swaption Implied Volatilities		+ 25%	1,788.2	96.6%	1,539.3	99.3%	3,327.5	97.8%
Maintenance Expenses	+ 10%	1,785.9	96.5%	1,509.2	97.3%	3,295.1	96.9%	
	- 10%	1,918.5	103.6%	1,591.2	102.6%	3,509.8	103.2%	
Lapse Rates	+ 10%	1,839.4	99.3%	1,513.1	97.6%	3,352.5	98.5%	
	- 10%	1,863.9	100.7%	1,591.0	102.6%	3,455.0	101.6%	
Mortality	for assurances	- 5%	1,858.6	100.4%	1,567.8	101.1%	3,426.3	100.7%
	for annuities	- 5%	1,849.8	99.9%	1,549.1	99.9%	3,398.9	99.9%
Required Capital set at the level of solvency capital		100%	1,853.0	100.1%	1,551.0	100.0%	3,404.0	100.1%

6.2. NBV

The following table shows the sensitivity of the New Business Value for 2010 to changing various assumptions.

€ mn

Table 13

		A/G	As % of Base	CEE	As % of Base	Total	As % of Base	
Base value		49.8	100.0%	148.9	100.0%	198.7	100.0%	
Change in Yield Curve	+ 1%	64.9	130.3%	138.3	92.8%	203.1	102.2%	
	- 1%	20.0	40.1%	165.3	111.0%	185.3	93.2%	
Liquidity Premium (*)	- 0.25%	43.4	87.1%	151.5	101.7%	194.9	98.1%	
	+ 0.25%	53.9	108.3%	146.7	98.5%	200.6	101.0%	
Equity and Property Values		- 10%	49.8	100.0%	148.9	100.0%	198.7	100.0%
Equity and Property Implied Volatilities (*)		+ 25%	48.2	96.8%	148.7	99.8%	196.9	99.1%
Swaption Implied Volatilities (*)		+ 25%	44.9	90.2%	148.4	99.6%	193.3	97.3%
Maintenance Expenses	+ 10%	46.3	93.1%	142.7	95.8%	189.0	95.1%	
	- 10%	53.1	106.7%	154.8	103.9%	207.9	104.6%	
Lapse Rates	+ 10%	47.1	94.7%	135.0	90.6%	182.1	91.6%	
	- 10%	53.2	106.9%	163.4	109.7%	216.6	109.0%	
Mortality	for assurances	- 5%	50.7	101.9%	152.9	102.6%	203.6	102.5%
	for annuities	- 5%	49.4	99.2%	148.7	99.9%	198.1	99.7%
Required Capital set at the level of solvency capital		100%	49.7	100.0%	149.0	100.1%	198.8	100.0%

7. Reconciliation of IFRS equity to the Adjusted Net Asset Value

The following table shows the reconciliation of the IFRS equity to the ANAV as shown in the GEV.

€ mn	Table 14	
	2010	2009
Consolidated IFRS equity	5,029.6	4,628.6
Minorities	- 396.2	- 289.3
Hybrid capital	- 495.6	- 495.6
Intangible assets	- 2,104.2	- 1,975.4
<i>Sub Total</i>	<i>2,033.7</i>	<i>1,868.3</i>
Goodwill and capital consolidation adjustments	526.5	332.0
Differences in valuation of capital assets	256.7	263.6
Differences in valuation basis of technical reserves (IFRS vs.local GAAP)	- 107.0	- 58.8
P&C Surplus in Claims Reserves	482.3	439.8
Other differences	- 116.4	- 3.7
<i>Total differences</i>	<i>1,042.1</i>	<i>973.0</i>
Adjusted Net Asset Value	3,075.8	2,841.3

The minority interests and the hybrid capital issued in 2009 and 2010 are deducted from the consolidated IFRS equity.

The ANAV or EEV have not been calculated for all the insurance companies within VIG. All the other companies in the Group have been included in the GEV with a value not higher than the value for these companies as shown in VIG's consolidated IFRS accounts and therefore goodwill and other intangible assets have to be added back to the ANAV. Prior to moving to IFRS at January 1, 2004, under Austrian GAAP VIG used to write-off goodwill against shareholder equity. All the companies for which the goodwill had been eliminated were recognised under IFRS on the basis of their reduced book values. The "goodwill and capital consolidation adjustments" add back the goodwill that had been eliminated in the past. The goodwill values are subject to regular impairment testing.

Under IAS 39 VIG has chosen to value certain assets on the basis of the adjusted purchase price instead of the market value. The differences between the market values, as shown in the VIG annual report, and the values shown in consolidated IFRS balance sheet are included in the "differences in valuation of capital assets".

As in the previous year the liabilities of the insurance operations purchased from the Erste Bank have been revalued under IFRS. The impact of this revaluation on the IFRS equity is shown under this adjustment.

The P&C reserves in the consolidated IFRS balance sheet are the same as the statutory reserves. The difference between the accounted reserves and the best estimate reserves is shown as the Surplus in Claims Reserves.

The "Other differences" include differences due to foreign exchange reserves, deferred tax reserves and retained earnings.

All values within this reconciliation are shown net of deferred tax in respect of all segments, and also net of deferred profit participation in respect of the Life segment.

8. Disclaimer - Cautionary statement regarding forward-looking information

This supplementary disclosure of the GEV results contains forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties, and it might not be possible to achieve the predictions, forecasts, projections and other outcomes described or implied in forward-looking statements. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in these forward-looking statements.

These forward-looking statements will not be updated except as required by applicable laws.

This document was prepared with the due care in order to ensure that the information provided in all parts is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

Appendix: Independent Review

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe
Schottenring 30
1010 Wien
Austria

29th March 2011

Dear Dr. Geyer,

Review of the Group Embedded Value of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe as at 31 December 2010

We have reviewed the Statements of Group Embedded Value (the "Statements") of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe ("VIG") as set out in VIG's "Supplementary Information on the Group Embedded Value Results 2010". These Statements comprise:

- the European Embedded Values ("EEV") of the majority of the life and health businesses as at 31 December 2009 and 31 December 2010 together with the value of new business generated, the sensitivities and the analysis of movement in the EEV during the year 2010;
- the Adjusted Net Asset Value (ANAV) including the Surplus in Claims Reserves for the majority of the P&C businesses at 31 December 2009 and 31 December 2010.

Some companies have been excluded from the scope of our review. These companies have been included in the Group Embedded Value on the basis of a value not higher than shown in VIG's consolidated IFRS accounts, the EEV or the ANAV.

The scope of our review covered the methodology adopted together with the assumptions and calculations made by VIG in its Group Embedded Value.

These Statements of Group Embedded Value and the assumptions underlying them are the sole responsibility of the Board of Directors of VIG. They have been prepared by VIG on the basis of VIG's methodology as described in the Statements.

Our review was conducted in accordance with generally accepted actuarial practices and processes. It comprised a combination of such reasonableness checks, analytical review and checks of clerical accuracy as we considered necessary to provide reasonable assurance that the Statements have been compiled free of significant error. However, we have relied without verification upon the completeness and accuracy of data and information supplied by VIG, including the value of net assets as disclosed in the audited local statutory accounts and the consolidated IFRS accounts of VIG and the subsidiaries of VIG.

The calculation of the Group Embedded Values necessarily makes numerous assumptions with respect to economic conditions, operating conditions, taxes, and other matters, many of which are beyond VIG's control. Although the assumptions used represent estimates which the Directors believe are together reasonable, actual experience in future may vary from that assumed in the calculation of the embedded value results and any such variations may be material. Deviations from assumed experience are normal and are to be expected. Group Embedded Value does not purport to be a market valuation and should not be

interpreted in that manner since it does not purport to encompass all of the many factors that may bear upon a market value.

In our opinion,

- the methodology and assumptions used are appropriate, and are compliant with the European Embedded Value Principles set out by the CFO Forum in May 2004 (the “CFO Forum Principles”) and the additional guidance on disclosure published in November 2005;
- the assumptions made by VIG are reasonable; and
- VIG’s Group Embedded Value has been properly compiled on the basis of the methodology and assumptions chosen by VIG, and in respect of the life and health insurance companies that have determined an EEV are compliant with the CFO Forum Principles.

This report is made solely to VIG’s Directors as a body. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than VIG’s Directors as a body for our work in respect of this report or for the conclusions that we have reached.

Yours sincerely,



B&W Deloitte GmbH