

Group Embedded Value Results 2010

March 31, 2011

Scope of GEV-Reporting

- ▶ Group Embedded Value (GEV) calculated as Life & Health (L&H) EEV plus Adjusted Net Asset Value (ANAV) for Property & Casualty (P&C)
- ▶ Change to EEV for all companies formerly on TEV basis:
Interrisk (DE), Erste Osiguranje (HR), Union and Erste Biztosito (HU), Compensa Life and Benefia Life (PL), BCR Life (RO)
- ▶ Calculation of EEV and ANAV for the first time:
VIG RE (CZ) and Komunalna (SK)
- ▶ Inclusion of VIG Holding company
- ▶ Methodology, assumptions and calculations reviewed by B&W Deloitte GmbH, Cologne

EEV

- ▶ All results are based on local GAAP.
- ▶ GEV reflects the present value of amounts deemed to be distributable to shareholders.
- ▶ EEV is based on stochastic cash flow projections using market consistent capital market scenarios and an allowance for liquidity premiums. The EEV allows for management actions (e.g. in respect of profit participation and asset allocation) and policyholder behaviour.
- ▶ Assumed policyholder profit participation allows for local supervisory laws and contractual agreements and current company practice.
- ▶ Best estimate actuarial assumptions for expenses, mortality, etc.

EEV

- ▶ EEV for L&H:

Adjusted Net Asset Value (ANAV) *plus*

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 for Residual Non-Hedgeable Risks (CRNHR)

- ▶ ANAV for P&C includes Surplus in Claims Reserves based on undiscounted actuarial best estimates of claims payments

Group Embedded Value



VIENNA INSURANCE GROUP

in € mn

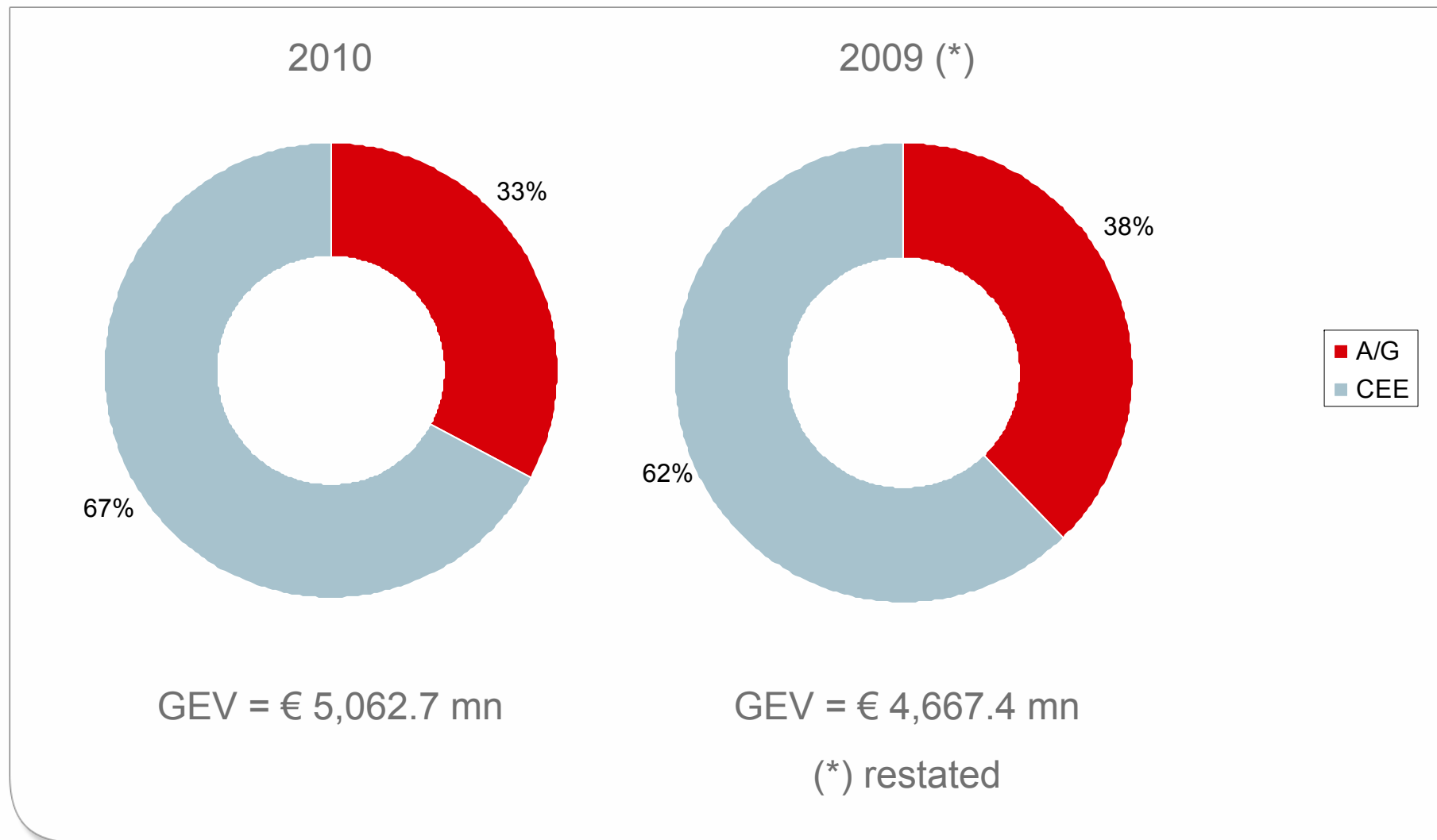
Results

	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
- CoC/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
- CoC/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

Group Embedded Value

Results



Group Embedded Value

Comments on GEV Results

- ▶ The reference rates used for the EEV calculations are based on the corresponding swap rates at December 31, 2010 and include a liquidity spread of 25 bp for all terms.
- ▶ Volatilities used to calibrate the economic scenario generator are based on market implied volatilities as at December 31, 2010.
- ▶ All results are shown after minorities and tax.
- ▶ GEV allows for all consolidation effects.

Return on Adjusted Embedded Value



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in € mn

Results

	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	
Return on EV	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	
Return on EV	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%

New Business Value



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Results

in € mn

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

(*) The results shown above are after restatement

New Business Value

Comments on NBV Results

- ▶ The NBV represents the value generated by new business sold during the reporting period
- ▶ Significant increase of life insurance business in CEE
- ▶ Stable profit margins in A/G
- ▶ Increased profitability in CEE
- ▶ 75% of NBV is now generated in CEE

Sensitivities



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in € mn

EEV – Life & Health

		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%
Change in Yield Curve	- 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%
Liquidity Premium	+ 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%
Maintenance Expenses	- 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%
Lapse Rates	- 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%
Mortality 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%

Sensitivities



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in € mn

NBV – Life & Health

		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%
Change in Yield Curve	- 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%
Liquidity Premium	+ 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%
Maintenance Expenses	- 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%
Lapse Rates	- 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%
Mortality 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%

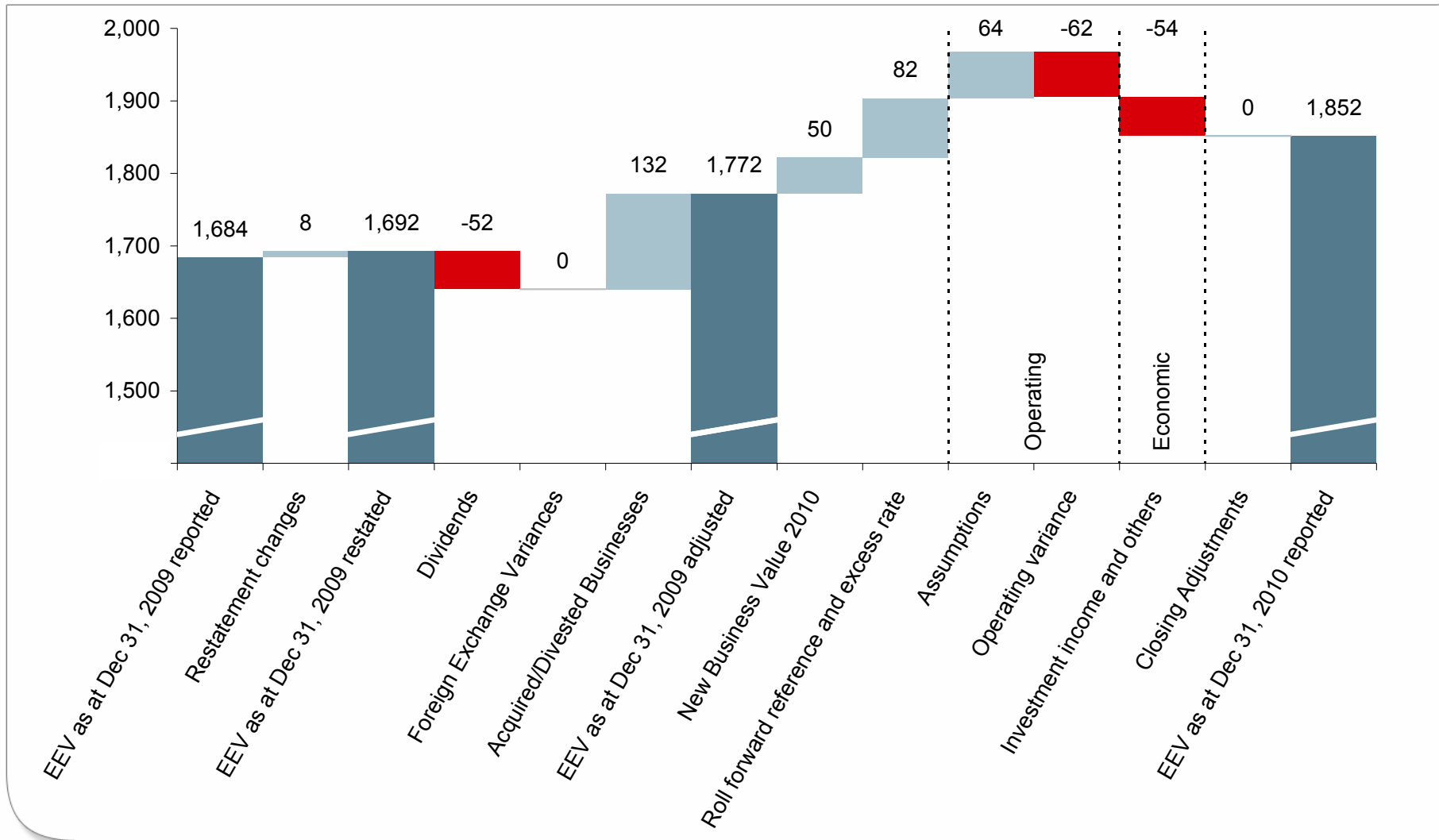
Analysis of Change



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A/G – Life & Health

in € mn



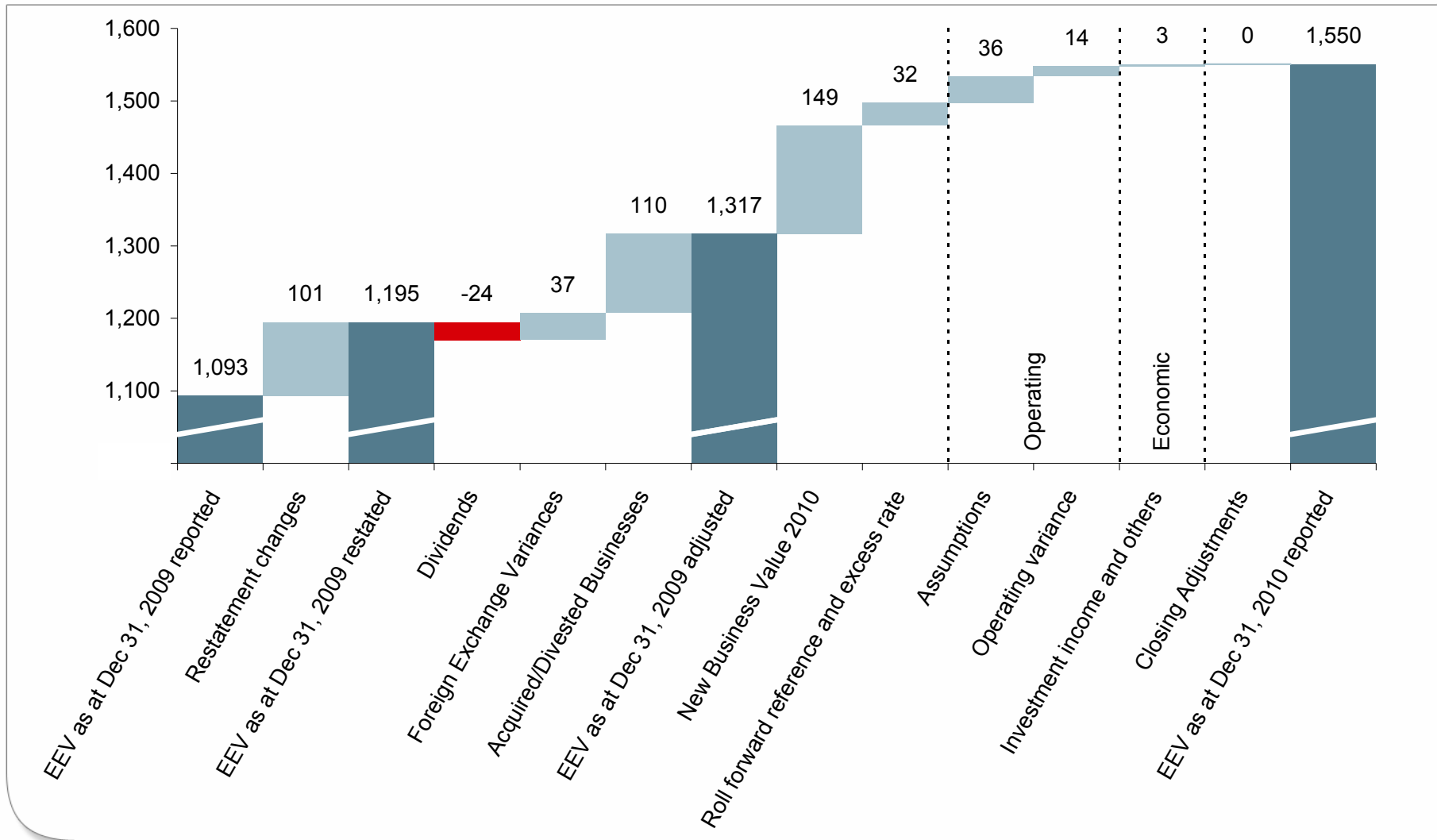
Analysis of Change



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CEE – Life & Health

in € mn



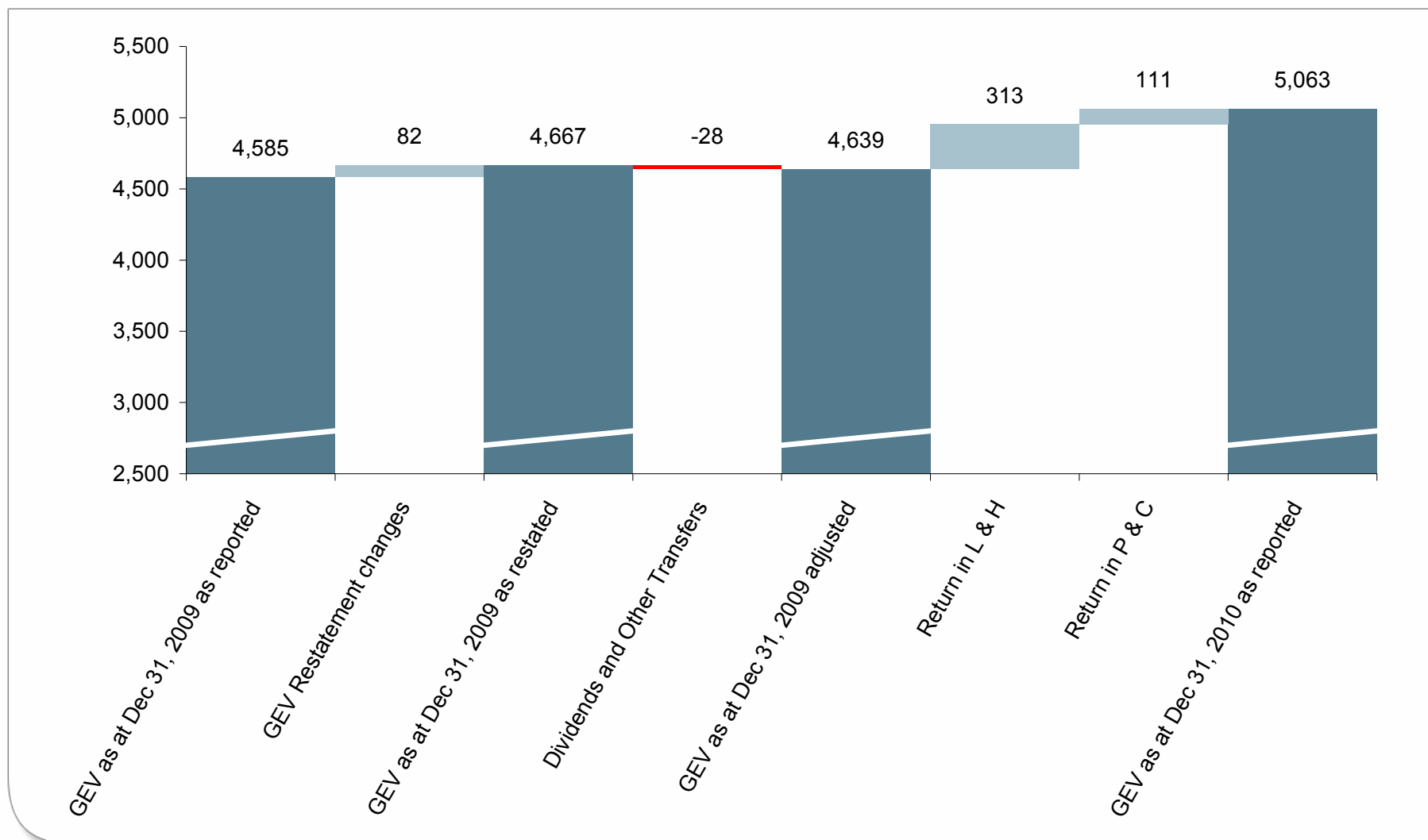
Development



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Total GEV

in € mn



Reconciliation



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in € mn

IFRS Equity to ANAV

	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
Sub Total	2,033.7	1,868.3
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
Total differences	1,042.1	973.0
Adjusted Net Asset Value	3,075.8	2,841.3

Highlights

- ▶ GEV of € 5,062.7 mn as at December 31, 2010 (an increase of 10.4% from 2009 reported figures)
- ▶ Positive return on GEV amounting to € 423.6 mn (+ 9.1%) for 2010
- ▶ New Business Value increased to 198.7 (+ 49.3%)
- ▶ Increased new business profitability shown in APE-Ratio and PVNBP-Ratio
- ▶ Growth in surpluses in claims reserves (+ 9.7%)
- ▶ CEE growth in life insurance EEV outperforms A/G growth

Cautionary statement regarding forward-looking information

- ▶ This presentation 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.