

Group Embedded Value Results 2011

March 29, 2012

Scope of GEV-Reporting

- ▶ Group Embedded Value (GEV) calculated as Life & Health (L&H) MCEV plus Adjusted Net Asset Value (ANAV) for Property & Casualty (P&C)
- ▶ Change to Market Consistent Embedded Value©¹ Principles
- ▶ Calculation of P&C ANAV for the first time: s-Versicherung in Austria
- ▶ Methodology, assumptions and calculations reviewed by B&W Deloitte GmbH, Cologne

MCEV

- ▶ All results are based on local GAAP.
- ▶ GEV reflects the present value of amounts deemed to be distributable to shareholders.
- ▶ MCEV is based on stochastic cash flow projections using market consistent capital market scenarios and an allowance for liquidity premiums. The MCEV 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, contractual agreements and current company practice.
- ▶ Best estimate actuarial assumptions for expenses, mortality, etc.

MCEV

- ▶ MCEV 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 and Surplus in Unearned Premium Reserves

Group Embedded Value



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in € mn

Results

	L&H		P&C		Total	
	2011	2010 (*)	2011	2010 (*)	2011	2010 (*)
Austria / Germany						
Free Surplus	- 120.6	444.9				
Required Capital	384.6	383.6				
ANAV	264.1	828.5	679.7	65.2	943.8	893.7
PVFP	1,478.8	1,510.9			1,478.8	1,510.9
- TVFOG	- 247.5	- 247.5			- 247.5	- 247.5
- FCRC	- 54.0	- 49.8			- 54.0	- 49.8
- CRNHR	- 95.8	- 97.1			- 95.8	- 97.1
VIF	1,081.5	1,116.6			1,081.5	1,116.6
Subtotal A/G	1,345.6	1,945.1	679.7	65.2	2,025.3	2,010.4
CEE						
Free Surplus	500.5	494.1				
Required Capital	227.0	218.9				
ANAV	727.5	713.1	1,713.3	1,659.5	2,440.8	2,372.6
PVFP	945.5	932.9			945.5	932.9
- TVFOG	- 47.9	- 52.0			- 47.9	- 52.0
- FCRC	- 15.2	- 14.7			- 15.2	- 14.7
- CRNHR	- 64.3	- 61.8			- 64.3	- 61.8
VIF	818.1	804.4			818.1	804.4
Subtotal CEE	1,545.6	1,517.4	1,713.3	1,659.5	3,258.9	3,177.0
Total	2,891.2	3,462.6	2,393.1	1,724.7	5,284.2	5,187.3

(*) The results shown above are after restatement

Group Embedded Value

Comments on GEV Results

- ▶ The reference rates used for the MCEV calculations are based on the corresponding swap rates at December 31, 2011 and include a liquidity spread of 100 bp (EUR) and 80 bp (other currencies) for all terms.
- ▶ Volatilities used to calibrate the economic scenario generator are based on market implied volatilities as at December 31, 2011.
- ▶ All results are shown after minorities and tax.
- ▶ GEV allows for all consolidation effects.

Return on Embedded Value



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in € mn

Results

	L&H		P&C		Total	
Austria / Germany						
GEV 2010 Reported	1,851.6		- 197.4		1,654.2	
GEV 2010 Restated	1,945.1		65.2		2,010.4	
Opening Adjustments	- 575.1		520.7		- 54.4	
<i>thereof Dividends</i>	- 20.6		68.4		47.8	
GEV 2010 Restated and Adjusted	1,370.0		585.9		1,955.9	
Return on GEV	- 24.5	-1.8%	93.8	16.0%	69.4	3.5%
GEV 2011	1,345.6		679.7		2,025.3	
CEE						
GEV 2010 Reported	1,550.4		1,858.1		3,408.5	
GEV 2010 Restated	1,517.4		1,659.5		3,177.0	
Opening Adjustments	- 111.9		- 47.8		- 159.6	
<i>thereof Dividends</i>	- 84.7		- 91.1		- 175.8	
GEV 2010 Restated and Adjusted	1,405.6		1,611.7		3,017.3	
Return on GEV	140.0	10.0%	101.6	6.3%	241.6	8.0%
GEV 2011	1,545.6		1,713.3		3,258.9	
Return on Total GEV	115.6	4.2%	195.4	8.9%	311.0	6.3%

Value of New Business



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in € mn

Results

Austria / Germany	2011	2010 (*)	+ / - %
VNB	33.5	42.8	- 21.7%
APE	173.3	209.8	- 17.4%
PVNBP	1,692.4	2,055.6	- 17.7%
<i>APE-Ratio</i>	19.3%	20.4%	- 5.3%
<i>PVNBP-Ratio</i>	2.0%	2.1%	- 4.9%
CEE	2011	2010 (*)	+ / - %
VNB	161.8	151.0	+ 7.1%
APE	266.9	225.1	+ 18.6%
PVNBP	1,849.0	1,608.8	+ 14.9%
<i>APE-Ratio</i>	60.6%	67.1%	- 9.6%
<i>PVNBP-Ratio</i>	8.7%	9.4%	- 6.8%
Total	2011	2010 (*)	+ / - %
VNB	195.3	193.9	+ 0.7%
APE	440.1	434.8	+ 1.2%
PVNBP	3,541.5	3,664.4	- 3.4%
<i>APE-Ratio</i>	44.4%	44.6%	- 0.5%
<i>PVNBP-Ratio</i>	5.5%	5.3%	+ 4.2%

(*) The results shown above are after restatement

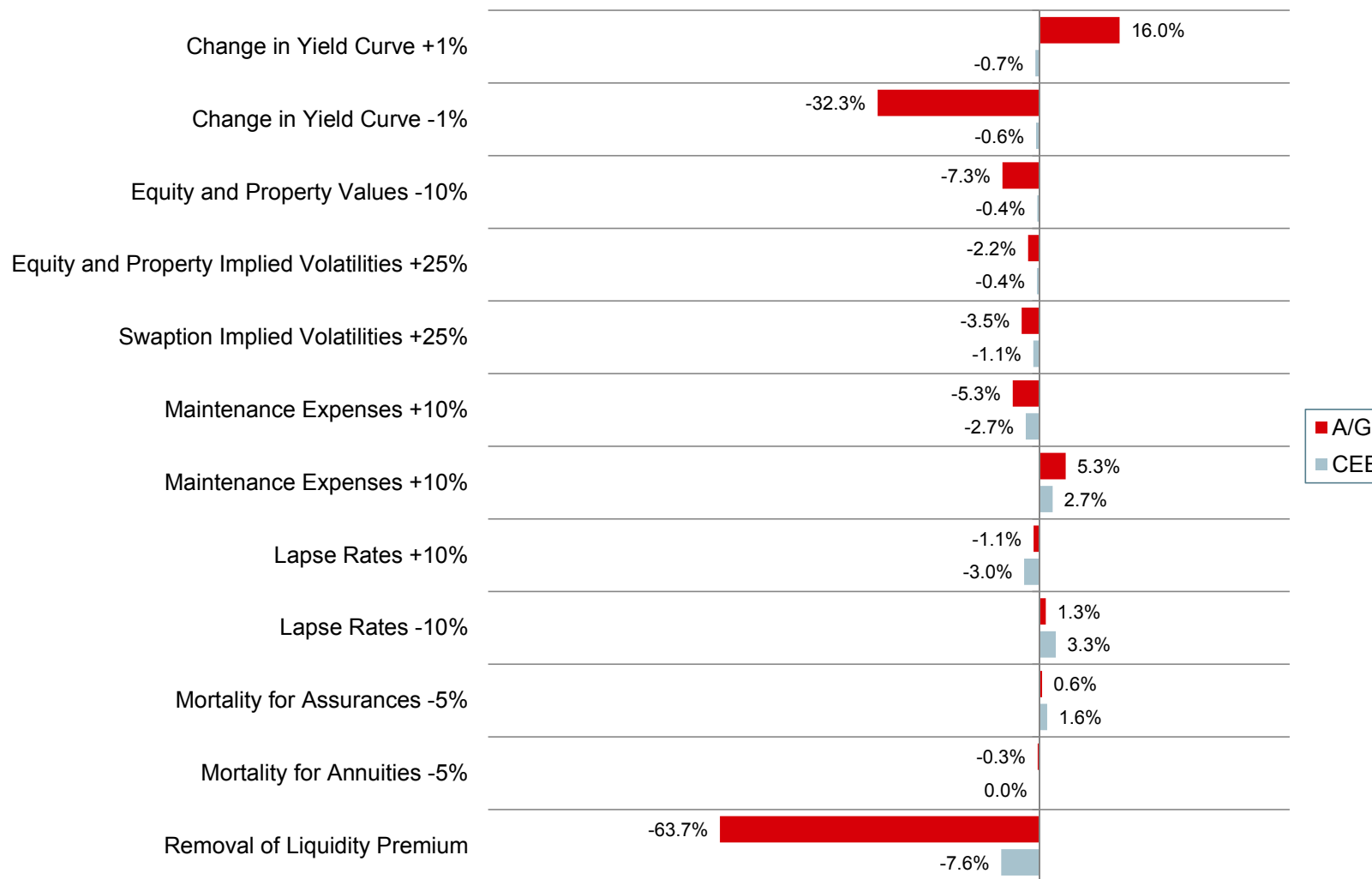
Value of New Business

Comments on VNB Results

- ▶ The VNB represents the value generated by new business sold during the reporting period
- ▶ Increase of life insurance business in CEE
- ▶ Stable profit margins in A/G
- ▶ Profitability in CEE remains at a high level
- ▶ More than 80% of VNB is generated in CEE

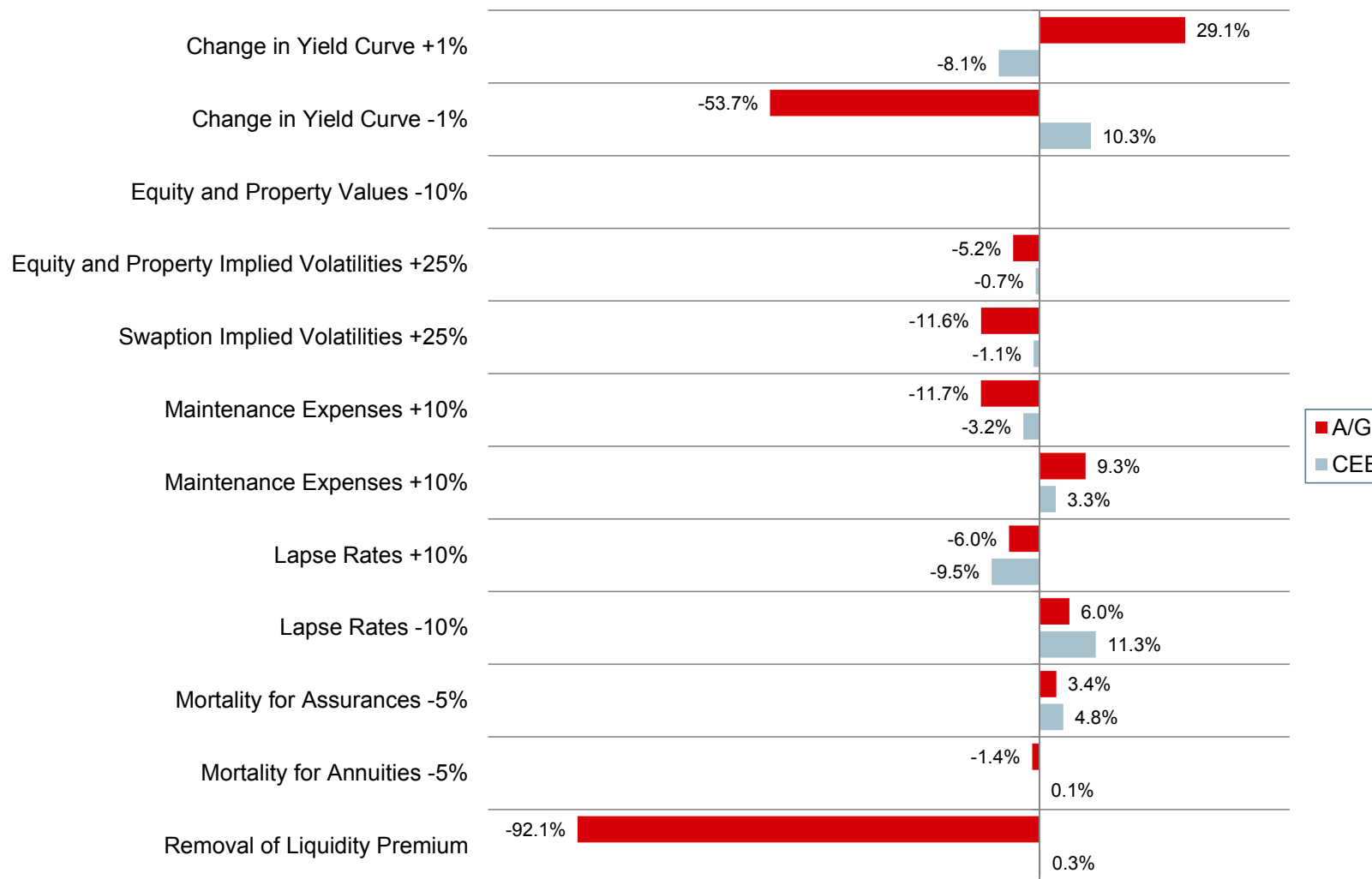
Sensitivities

MCEV – Life & Health



Sensitivities

VNB – Life & Health



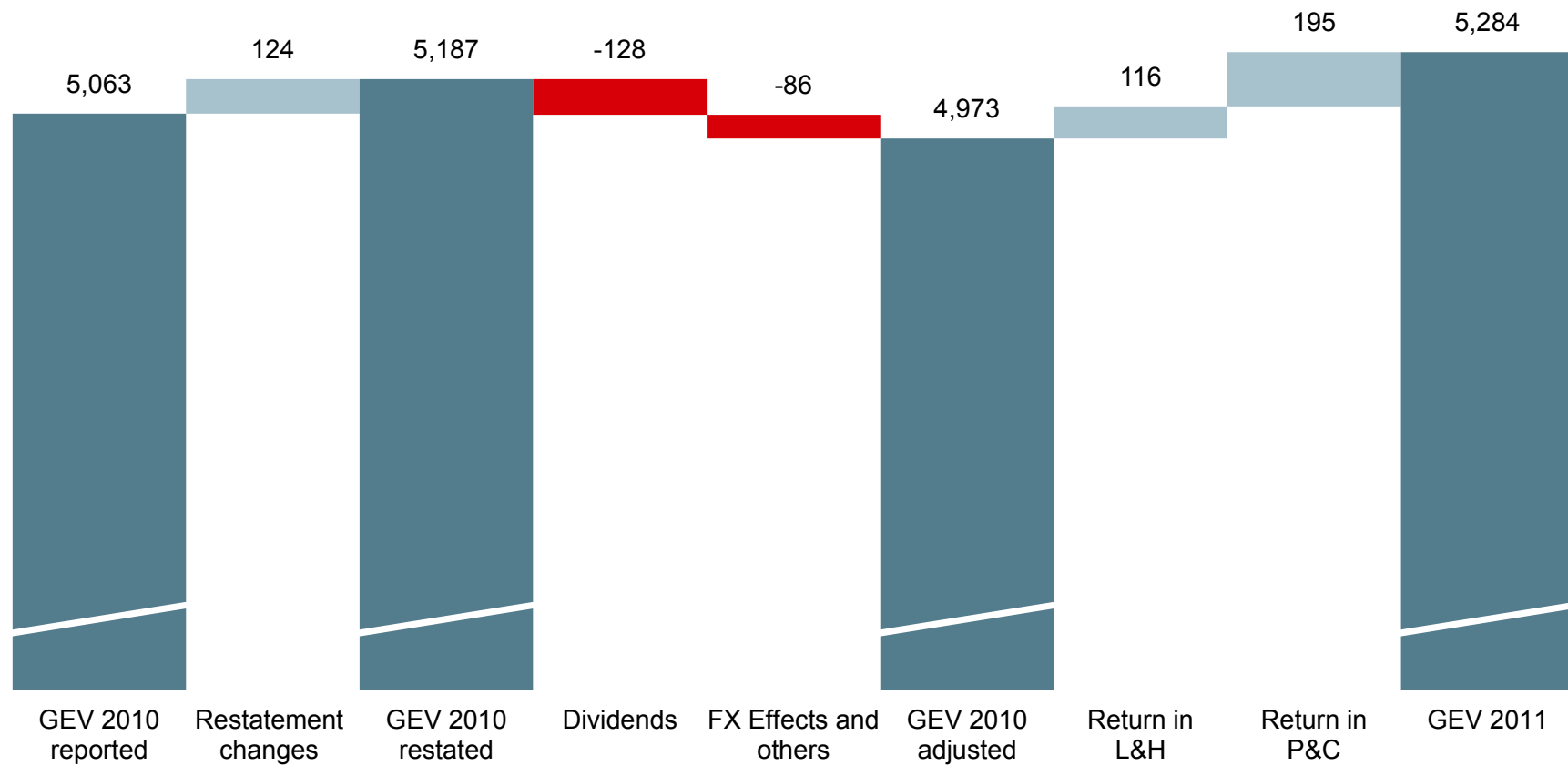
Development



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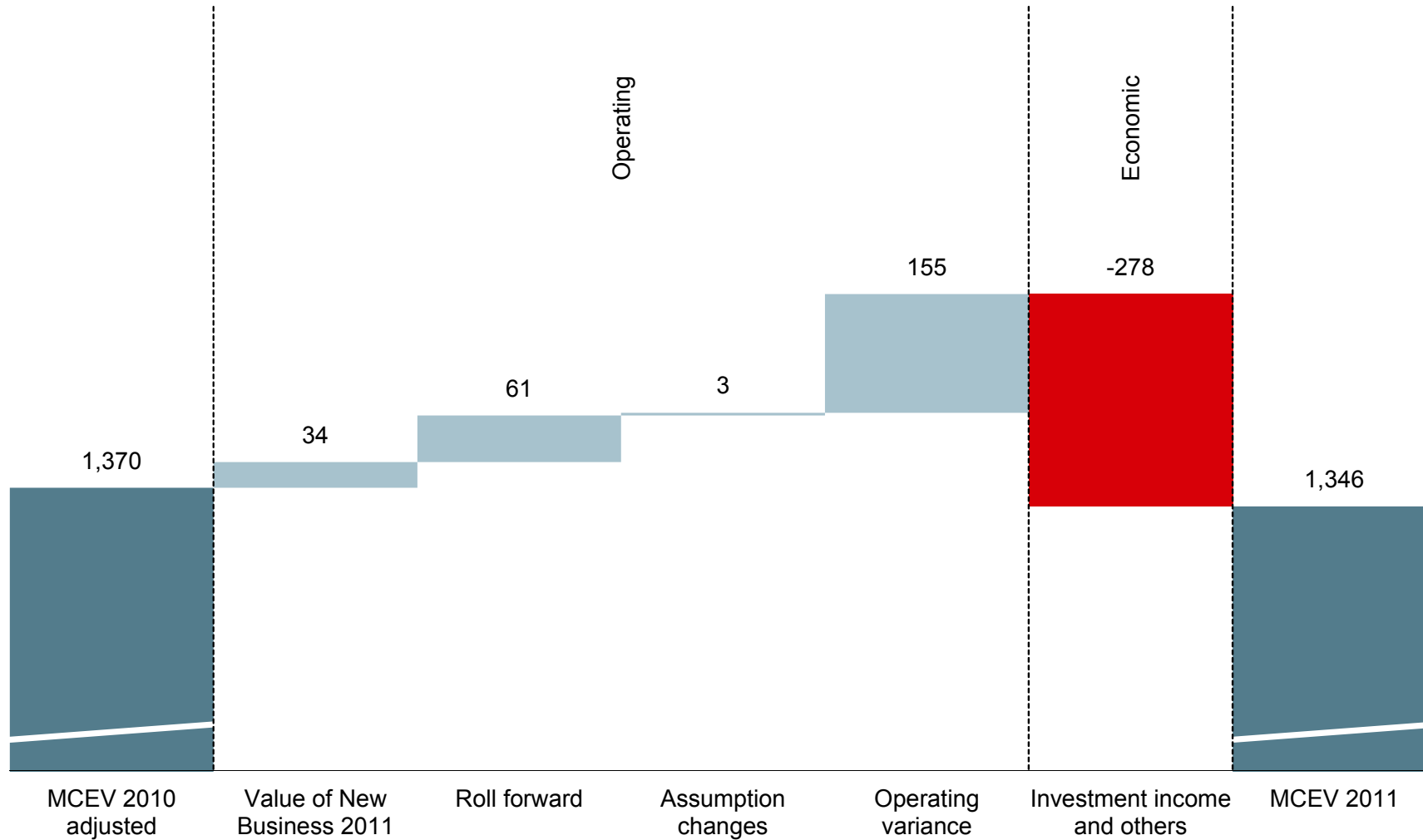
in € mn

Return on GEV



Analysis of Change

A/G – Life & Health



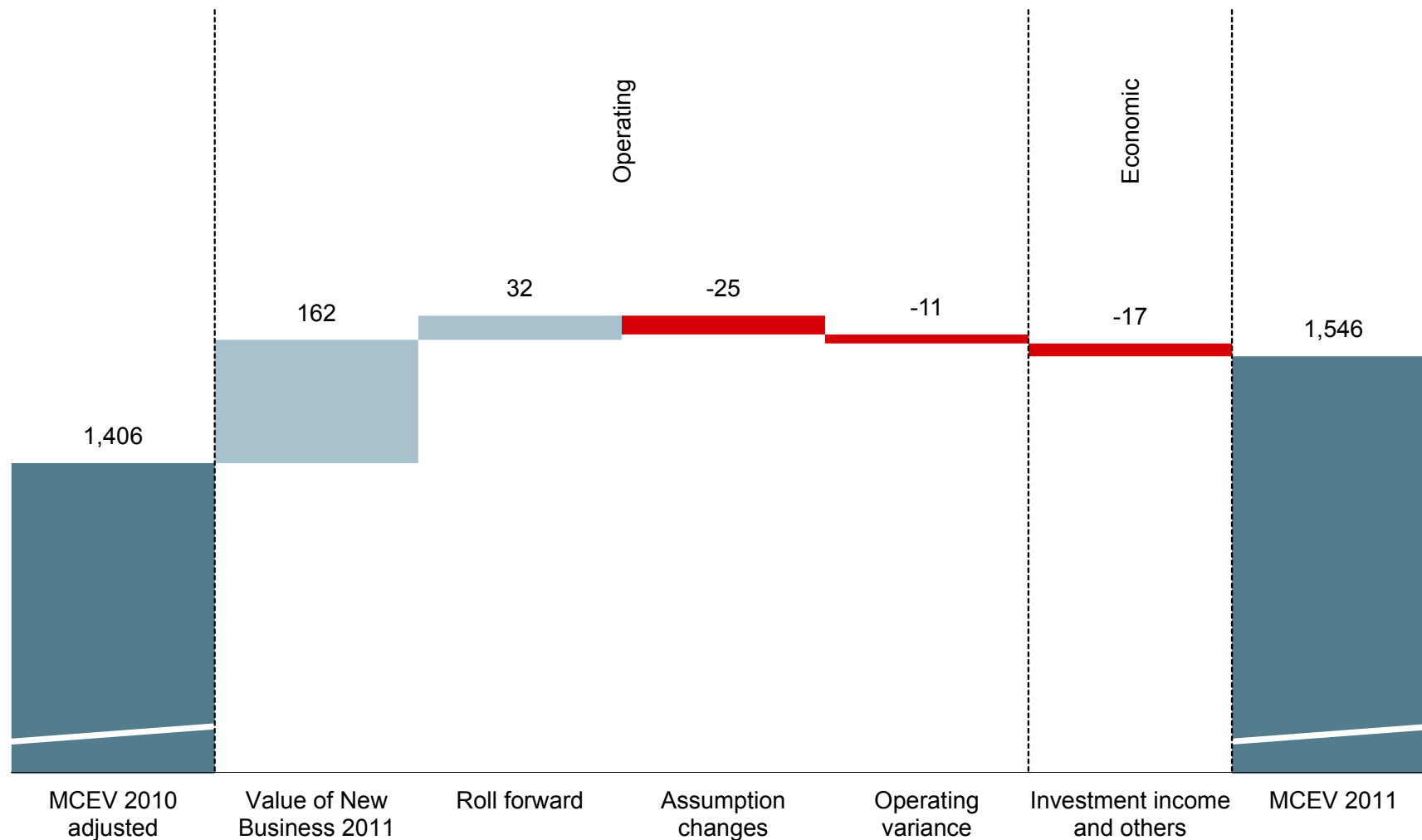
Analysis of Change



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in € mn

CEE – Life & Health



Reconciliation



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in € mn

IFRS Equity to ANAV

	2011	2010
Consolidated IFRS equity	5,049.6	5,029.6
Minorities	- 419.0	- 396.2
Hybrid capital	- 495.6	- 495.6
Intangible assets	- 2,382.4	- 2,104.2
Sub Total	1,752.6	2,033.7
Goodwill, other intangible assets and capital consolidation adjustments	877.7	526.5
Differences in valuation of financial assets	399.0	256.7
Differences in valuation basis of technical reserves (IFRS vs.local GAAP)	- 122.6	- 107.0
P&C surplus in claims and unearned premium reserves	499.3	482.3
Other differences	- 21.3	- 116.4
Total differences	1,632.0	1,042.1
Adjusted Net Asset Value	3,384.6	3,075.8

Summary

Highlights

- ▶ GEV of € 5,284.2 mn as at 31 December 2011
- ▶ Positive Return on GEV amounting to € 311.0 mn (+ 6.3%)
- ▶ Strong Value of New Business performance at € 195.3 mn
- ▶ Increased new business profitability due to increased CEE proportion of new business as shown in PVNBP-Ratio
- ▶ Growth in surpluses in claims and unearned premium reserves to almost € 500 mn
- ▶ MCEV growth in CEE continues to outperform A/G

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.