

Group Embedded Value Results 2012

April 3, 2013

GEV Reporting

- ▶ Market Consistent Embedded Value^{©1} (MCEV) Principles applied
- ▶ Group Embedded Value (GEV) calculated as Life & Health (L&H) MCEV plus Adjusted Net Asset Value (ANAV) for Property & Casualty (P&C)
- ▶ All results are based on local GAAP.
- ▶ All results are shown after minorities and tax.
- ▶ GEV allows for all consolidation effects.
- ▶ Methodology, assumptions and calculations reviewed by B&W Deloitte GmbH, Cologne

GEV

- ▶ GEV reflects the present value of amounts deemed to be distributable to shareholders.
- ▶ 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 actuarial best estimates of undiscounted claims payments and Surplus in Unearned Premium Reserves.

GEV

- ▶ MCEV is based on stochastic cash flow projections using market consistent economic scenarios.
- ▶ Liquidity premium and extrapolation methodology follows recent EIOPA development and market practice.
- ▶ The MCEV allows for management actions 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.

Group Embedded Value



VIENNA INSURANCE GROUP

in € mn

Results

	L&H		P&C		Total	
	2012	2011 (*)	2012	2011 (*)	2012	2011 (*)
Austria / Germany						
Free Surplus	87.9	-708.2				
Required Capital	830.0	926.3				
ANAV	917.9	218.1	254.5	677.9	1,172.4	895.9
PVFP	1,550.4	1,647.8			1,550.4	1,647.8
- TVFOG	-279.2	-147.0			-279.2	-147.0
- FCRC	-132.0	-143.2			-132.0	-143.2
- CRNHR	-114.7	-107.6			-114.7	-107.6
VIF	1,024.4	1,250.1			1,024.4	1,250.1
Subtotal Austria / Germany	1,942.3	1,468.2	254.5	677.9	2,196.9	2,146.0
CEE						
Free Surplus	499.6	493.8				
Required Capital	283.0	215.6				
ANAV	782.6	709.3	1,867.7	1,575.6	2,650.3	2,284.9
PVFP	1,140.4	907.6			1,140.4	907.6
- TVFOG	-35.9	-32.7			-35.9	-32.7
- FCRC	-9.8	-12.8			-9.8	-12.8
- CRNHR	-74.2	-74.9			-74.2	-74.9
VIF	1,020.5	787.1			1,020.5	787.1
Subtotal CEE	1,803.0	1,496.5	1,867.7	1,575.6	3,670.8	3,072.1
Total	3,745.4	2,964.6	2,122.3	2,253.5	5,867.6	5,218.1

(*) The results shown above are after restatement

Return on Embedded Value



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in € mn

Results

	L&H		P&C		Total	
Austria / Germany						
GEV 2011 Reported	1,345.6		679.7		2,025.3	
GEV 2011 Restated	1,468.2		677.9		2,146.0	
Opening Adjustments	354.3		-393.8		-39.5	
<i>thereof Dividends</i>	-65.5		95.0		29.5	
GEV 2011 Restated and Adjusted	1,822.5		284.0		2,106.5	
Return on GEV	119.9	6.6%	-29.5	-10.4%	90.3	4.3%
GEV 2012	1,942.3		254.5		2,196.9	
CEE						
GEV 2011 Reported	1,545.6		1,713.3		3,258.9	
GEV 2011 Restated	1,496.5		1,575.6		3,072.1	
Opening Adjustments	-12.7		-34.7		-47.4	
<i>thereof Dividends</i>	-73.0		-97.3		-170.3	
GEV 2011 Restated and Adjusted	1,483.8		1,540.9		3,024.7	
Return on GEV	319.3	21.5%	326.8	21.2%	646.1	21.4%
GEV 2012	1,803.0		1,867.7		3,670.8	
Return on Total GEV	439.1	13.3%	297.3	16.3%	736.4	14.4%

Value of New Business



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in € mn

Results

Austria / Germany	2012	2011	% change
VNB	36.6	33.5	9.1%
APE	166.3	173.3	-4.0%
PVNBP	1,815.2	1,692.4	7.3%
<i>APE-Ratio</i>	<i>22.0%</i>	<i>19.3%</i>	<i>13.7%</i>
<i>PVNBP-Ratio</i>	<i>2.0%</i>	<i>2.0%</i>	<i>1.7%</i>
CEE	2012	2011	% change
VNB	167.0	161.8	3.2%
APE	373.1	266.9	39.8%
PVNBP	2,874.8	1,849.0	55.5%
<i>APE-Ratio</i>	<i>44.8%</i>	<i>60.6%</i>	<i>-26.2%</i>
<i>PVNBP-Ratio</i>	<i>5.8%</i>	<i>8.7%</i>	<i>-33.6%</i>
Total	2012	2011	% change
VNB	203.5	195.3	4.2%
APE	539.3	440.1	22.5%
PVNBP	4,690.0	3,541.5	32.4%
<i>APE-Ratio</i>	<i>37.7%</i>	<i>44.4%</i>	<i>-14.9%</i>
<i>PVNBP-Ratio</i>	<i>4.3%</i>	<i>5.5%</i>	<i>-21.3%</i>

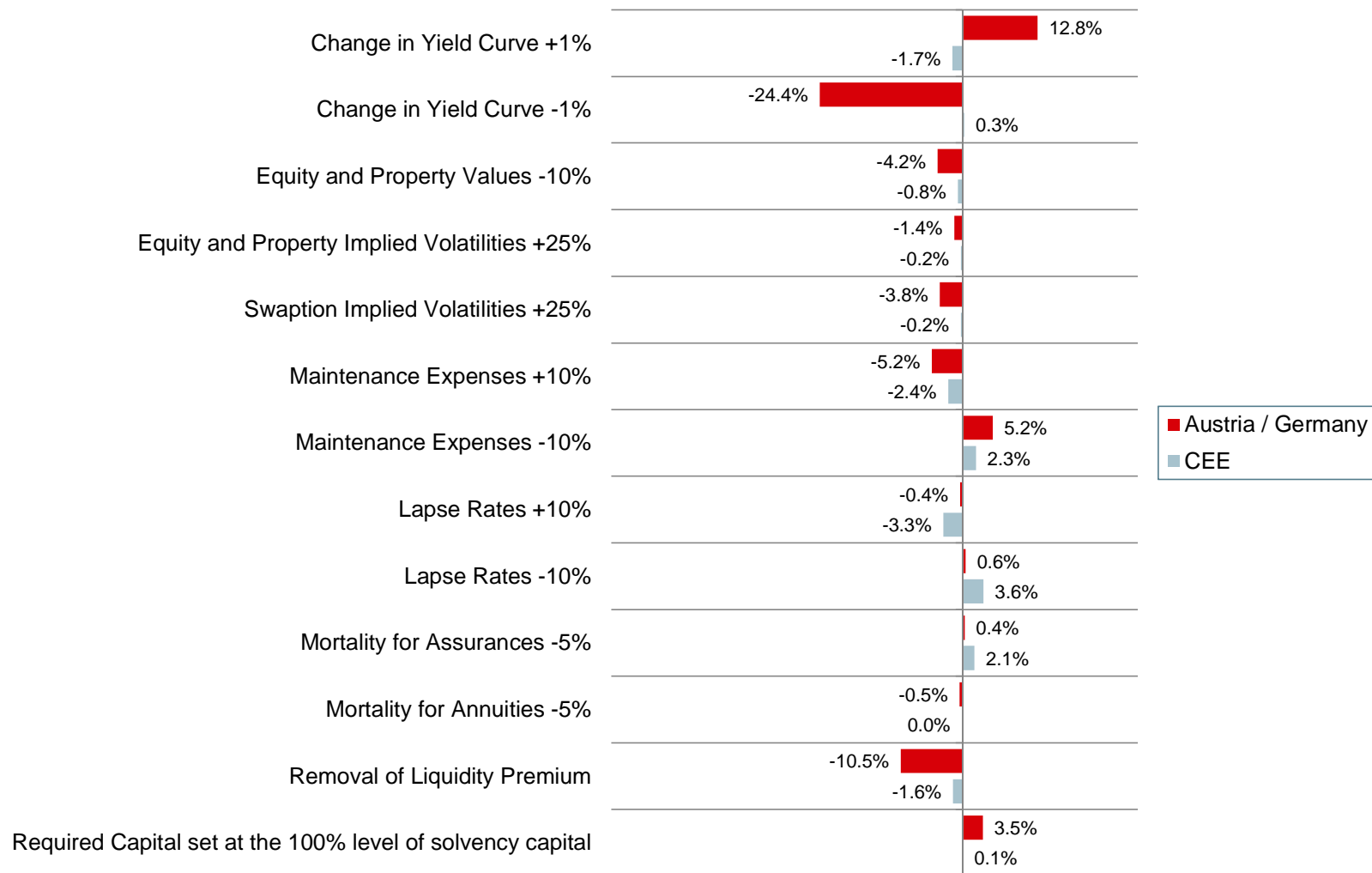
Value of New Business

Comments on VNB Results

- ▶ Value generated by new business sold during the reporting period
- ▶ More than 80% of VNB is generated in CEE
- ▶ Strong increase of life insurance business in CEE
- ▶ Profitability in CEE at a high level
- ▶ CEE profit margin 8.6%, excluding Polish new high-volume low-margin short-term single premium endowment product
- ▶ Stable profit margins in Austria / Germany

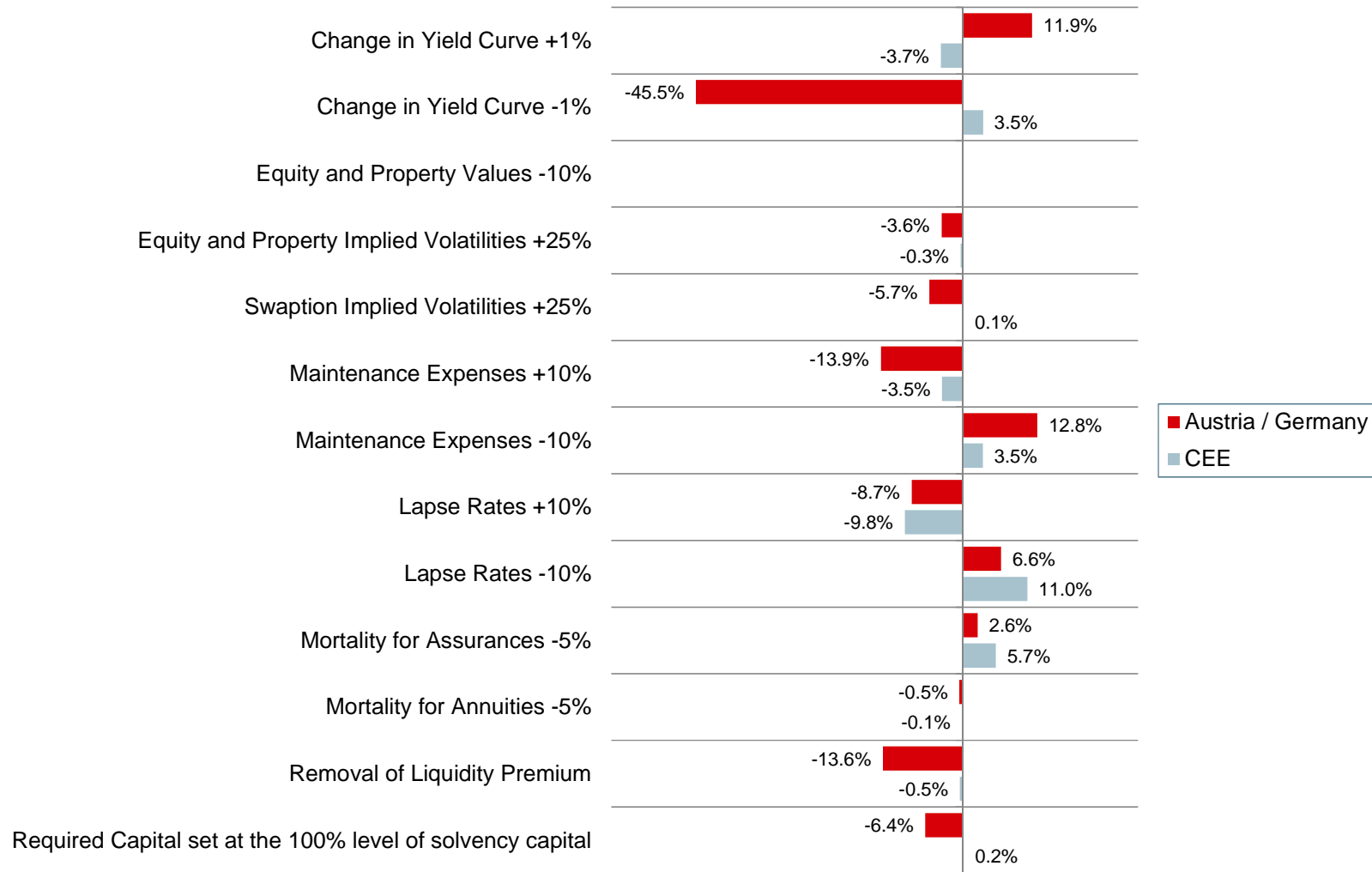
Sensitivities

MCEV – Life & Health



Sensitivities

VNB – Life & Health



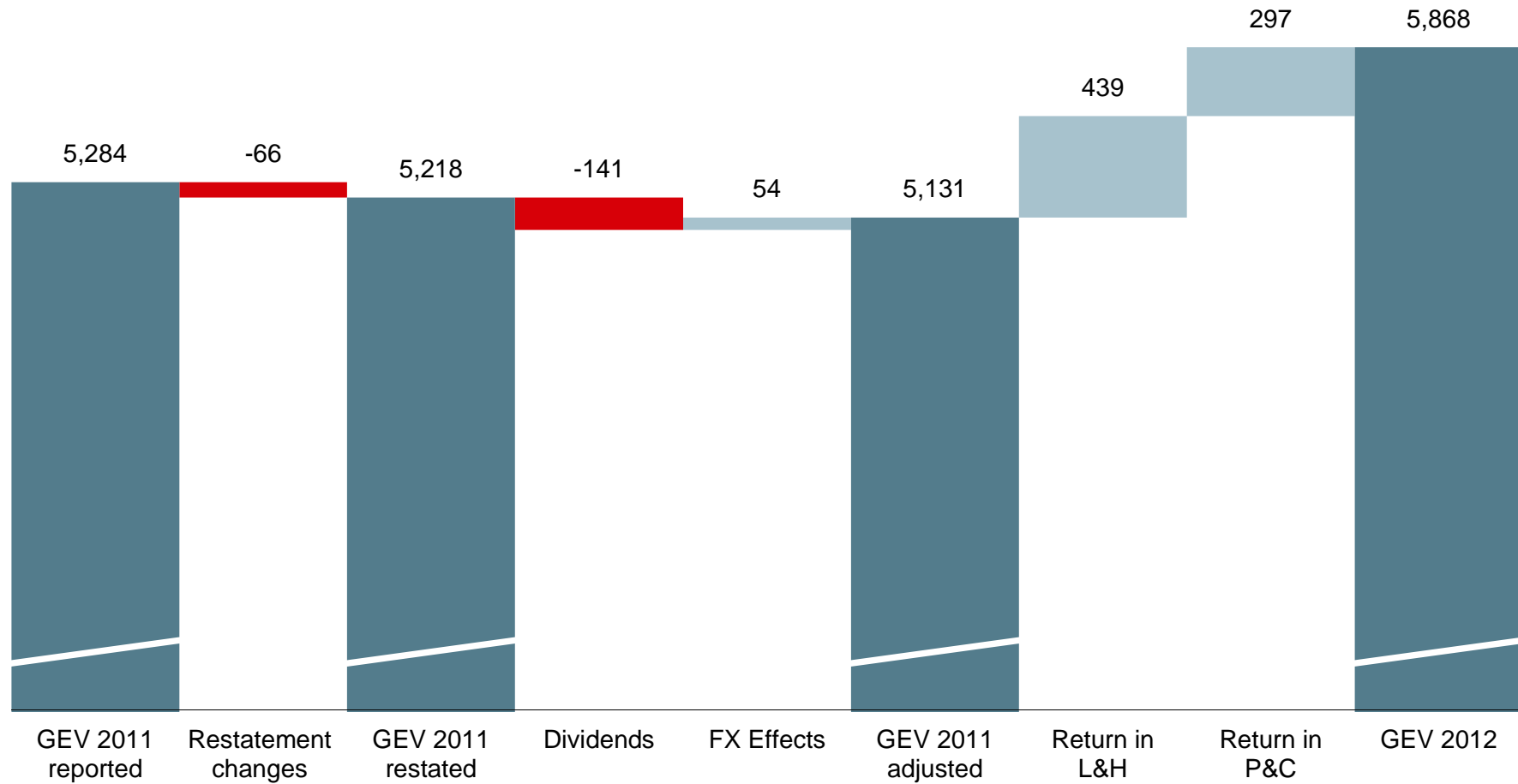
Development



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in € mn

Return on GEV



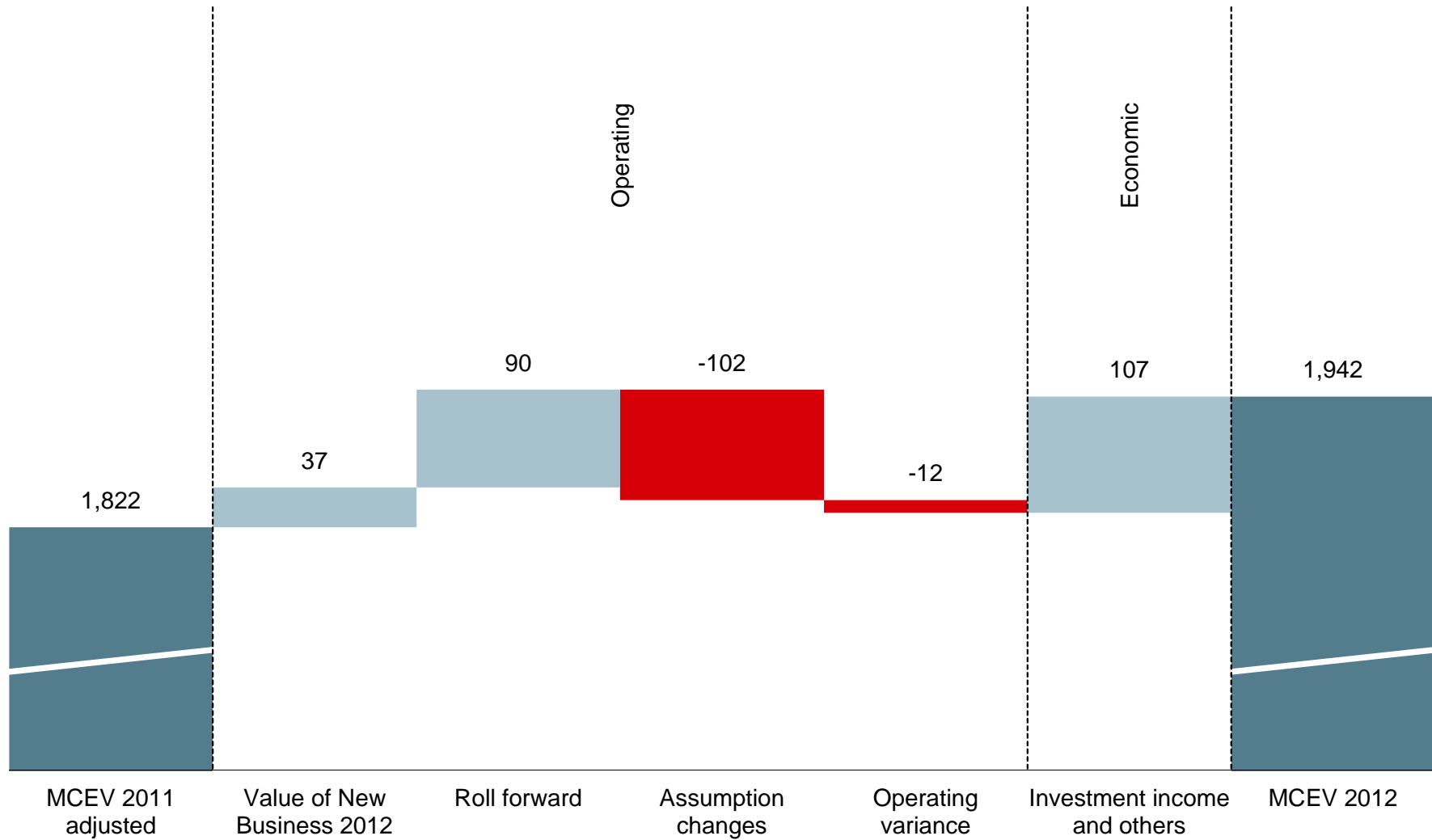
Analysis of Change



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in € mn

Austria / Germany – Life & Health



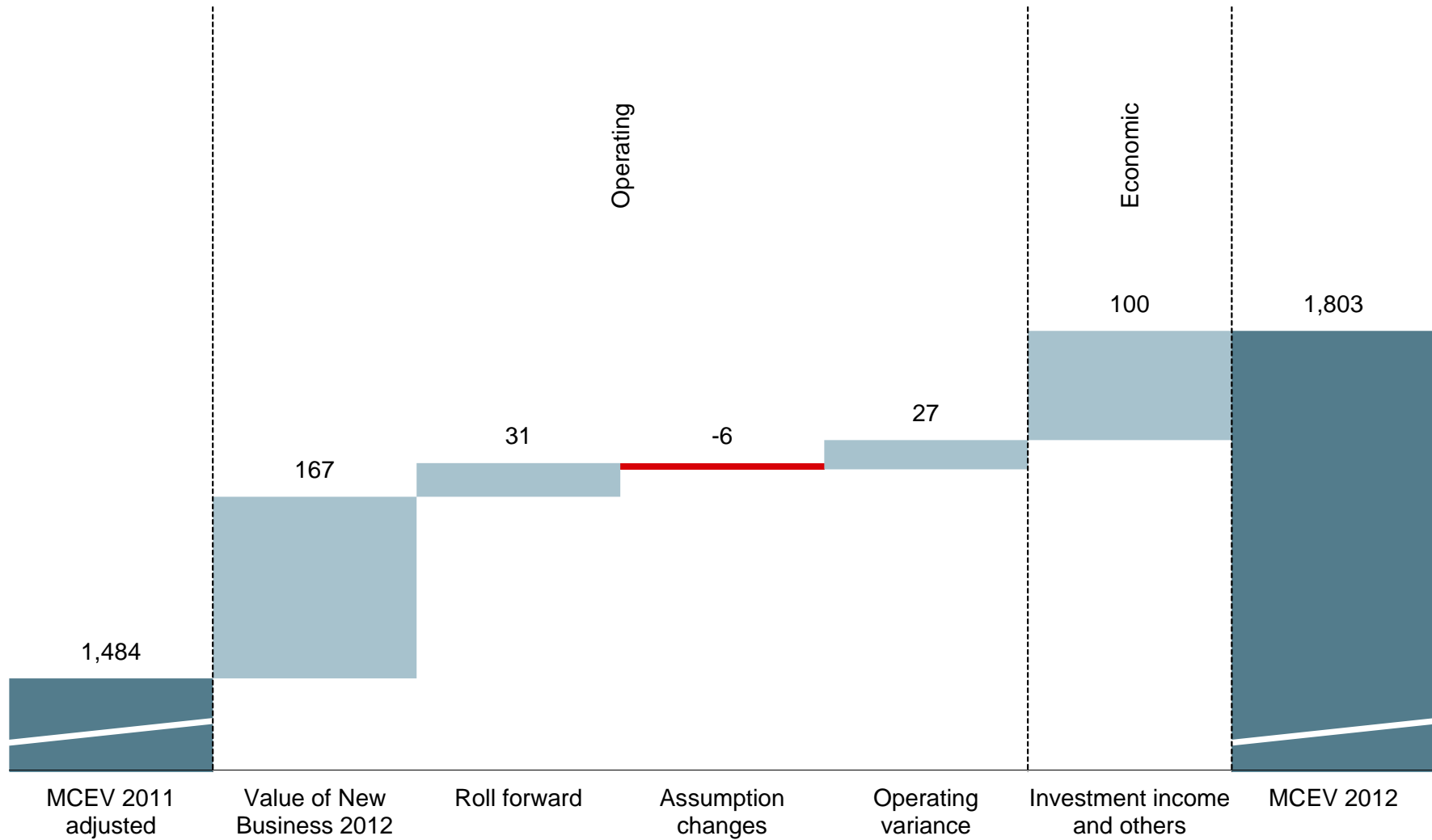
Analysis of Change



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in € mn

CEE – Life & Health



Reconciliation



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in € mn

IFRS Equity to ANAV

	2012	2011
Consolidated IFRS equity	5,751.9	5,049.6
Minorities	-346.0	-419.0
Hybrid capital	-495.6	-495.6
Intangible assets	-2,410.0	-2,382.4
Subtotal	2,500.3	1,752.6
Goodwill, other intangible assets and capital consolidation adjustments	856.1	877.7
Differences in valuation of financial assets	151.1	399.0
Differences in valuation basis of technical reserves (IFRS vs. local GAAP)	-126.3	-122.6
P&C surplus in claims and unearned premium reserves	540.1	499.3
Other differences	-98.6	-21.3
Adjusted Net Asset Value	3,822.7	3,384.6

Summary

Highlights

- ▶ GEV of € 5,867.6 mn (+12.4%)
- ▶ High Return on GEV of 14.4% amounting to € 736.4 mn
- ▶ Strong Value of New Business performance at € 203.5 mn (+4.2%)
- ▶ PVNBP increases by 7.3% in Austria / Germany and surges by 55.5% in CEE
- ▶ The Surplus in Claims and Unearned Premium Reserves increases by 8.7% to € 540.1 mn
- ▶ MCEV growth in CEE continues to outperform Austria / Germany

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.