

## Group Embedded Value Results 2013

April 10, 2014

## GEV Reporting

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- ▶ Market Consistent Embedded Value<sup>©1</sup> (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

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- ▶ 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

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- ▶ MCEV is based on stochastic cash flow projections using market consistent economic scenarios.
- ▶ Liquidity premium and extrapolation methodology follows recent 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	
	2013	2012 (*)	2013	2012 (*)	2013	2012 (*)
<b>Austria / Germany</b>						
Free Surplus	578.7	85.8				
Required Capital	476.6	830.0				
<b>ANAV</b>	<b>1,055.3</b>	<b>915.8</b>	<b>311.2</b>	<b>271.1</b>	<b>1,366.5</b>	<b>1,186.9</b>
<b>PVFP</b>	<b>1,742.4</b>	<b>1,550.4</b>			<b>1,742.4</b>	<b>1,550.4</b>
- TVFOG	- 146.9	- 279.2			- 146.9	- 279.2
- FCRC	- 69.1	- 132.0			- 69.1	- 132.0
- CRNHR	- 104.9	- 114.7			- 104.9	- 114.7
<b>VIF</b>	<b>1,421.5</b>	<b>1,024.4</b>			<b>1,421.5</b>	<b>1,024.4</b>
<b>Subtotal Austria / Germany</b>	<b>2,476.8</b>	<b>1,940.3</b>	<b>311.2</b>	<b>271.1</b>	<b>2,788.0</b>	<b>2,211.4</b>
<b>CEE</b>						
Free Surplus	393.3	445.2				
Required Capital	288.2	283.0				
<b>ANAV</b>	<b>681.5</b>	<b>728.1</b>	<b>1,798.6</b>	<b>1,891.7</b>	<b>2,480.1</b>	<b>2,619.9</b>
<b>PVFP</b>	<b>989.3</b>	<b>1,140.4</b>			<b>989.3</b>	<b>1,140.4</b>
- TVFOG	- 20.0	- 35.9			- 20.0	- 35.9
- FCRC	- 8.8	- 9.8			- 8.8	- 9.8
- CRNHR	- 76.0	- 74.2			- 76.0	- 74.2
<b>VIF</b>	<b>884.6</b>	<b>1,020.5</b>			<b>884.6</b>	<b>1,020.5</b>
<b>Subtotal CEE</b>	<b>1,566.0</b>	<b>1,748.6</b>	<b>1,798.6</b>	<b>1,891.7</b>	<b>3,364.7</b>	<b>3,640.3</b>
<b>Total</b>	<b>4,042.9</b>	<b>3,688.9</b>	<b>2,109.8</b>	<b>2,162.9</b>	<b>6,152.7</b>	<b>5,851.7</b>

(\*) The results shown above are after restatement

# Return on Embedded Value



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in € mn

## Results

	L&H		P&C		Total	
<b>Austria / Germany</b>						
GEV 2012 Reported	1,942.3		254.5		2,196.9	
GEV 2012 Restated	1,940.3		271.1		2,211.4	
Opening Adjustments	40.6		3.1		43.8	
<i>thereof Dividends</i>	-81.0		147.6		66.7	
GEV 2012 Restated and Adjusted	1,980.9		274.3		2,255.2	
Return on GEV	495.9	25.0%	36.9	13.5%	532.8	23.6%
GEV 2013	2,476.8		311.2		2,788.0	
<b>CEE</b>						
GEV 2012 Reported	1,803.0		1,867.7		3,670.8	
GEV 2012 Restated	1,748.6		1,891.7		3,640.3	
Opening Adjustments	-248.8		-103.8		-352.7	
<i>thereof Dividends</i>	-82.9		-137.4		-220.3	
GEV 2012 Restated and Adjusted	1,499.7		1,787.9		3,287.6	
Return on GEV	66.3	4.4%	10.7	0.6%	77.0	2.3%
GEV 2013	1,566.0		1,798.6		3,364.7	
Return on Total GEV	562.2	16.2%	47.6	2.3%	609.9	11.0%

# Value of New Business



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in € mn

## Results

Austria / Germany	2013	2012	+ / - %
VNB	35.7	36.6	-2.5%
APE	163.9	166.3	-1.4%
PVNBP	1,800.0	1,815.2	-0.8%
<i>APE-Ratio</i>	21.8%	22.0%	-1.1%
<i>PVNBP-Ratio</i>	2.0%	2.0%	-1.7%
CEE	2013	2012	+ / - %
VNB	123.1	167.0	-26.3%
APE	270.1	373.1	-27.6%
PVNBP	2,042.4	2,874.8	-29.0%
<i>APE-Ratio</i>	45.6%	44.8%	+1.8%
<i>PVNBP-Ratio</i>	6.0%	5.8%	+3.8%
Total	2013	2012	+ / - %
VNB	158.8	203.5	-22.0%
APE	434.0	539.3	-19.5%
PVNBP	3,842.4	4,690.0	-18.1%
<i>APE-Ratio</i>	36.6%	37.7%	-3.1%
<i>PVNBP-Ratio</i>	4.1%	4.3%	-4.8%

# Value of New Business

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## Comments on VNB Results

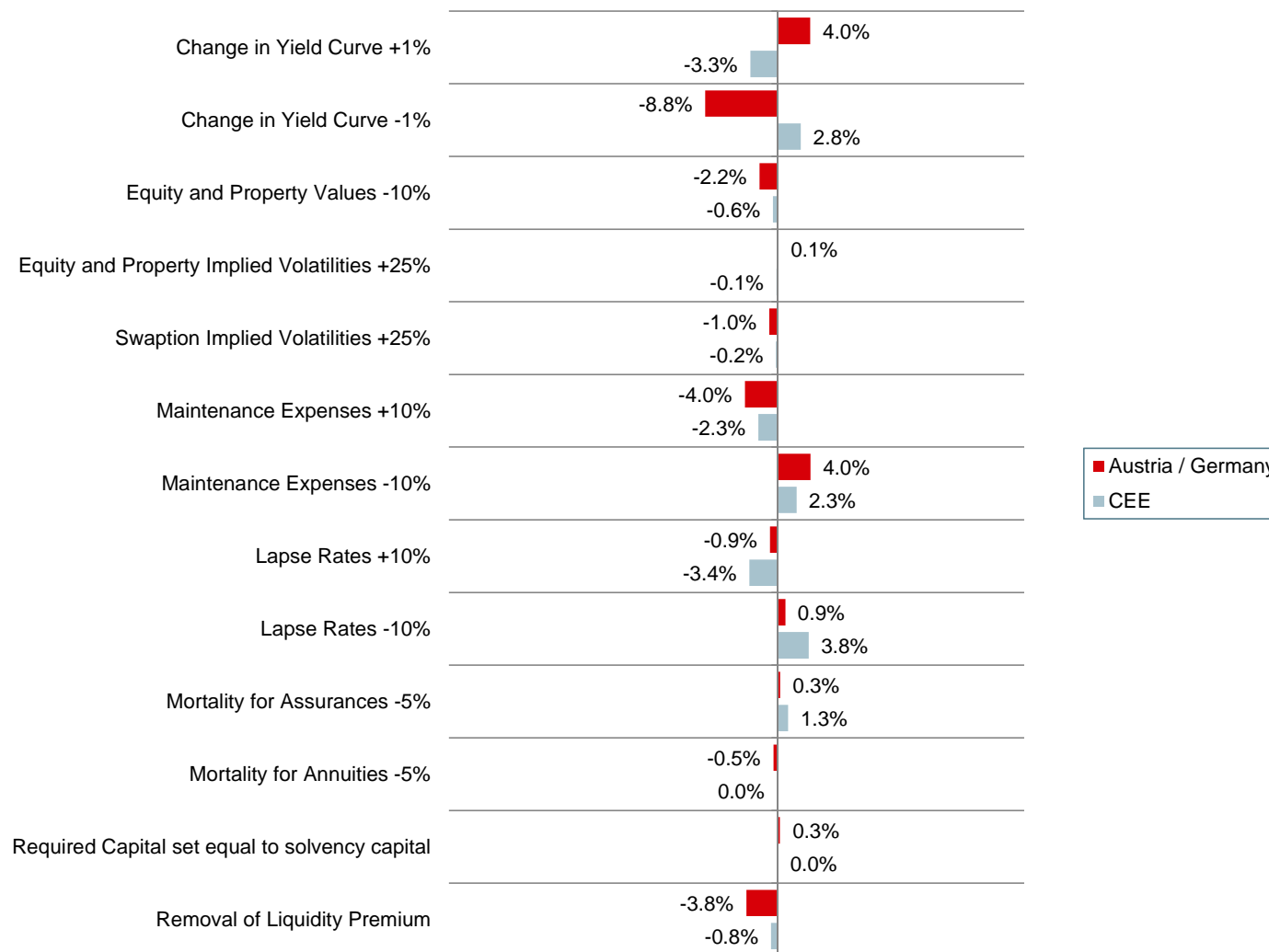
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- ▶ Value generated by new business sold during the reporting period
- ▶ Almost 80% of VNB is generated in CEE
- ▶ Profitability in CEE at an excellent level of 6.0%
- ▶ Stable profit margins of 2.0% in Austria / Germany



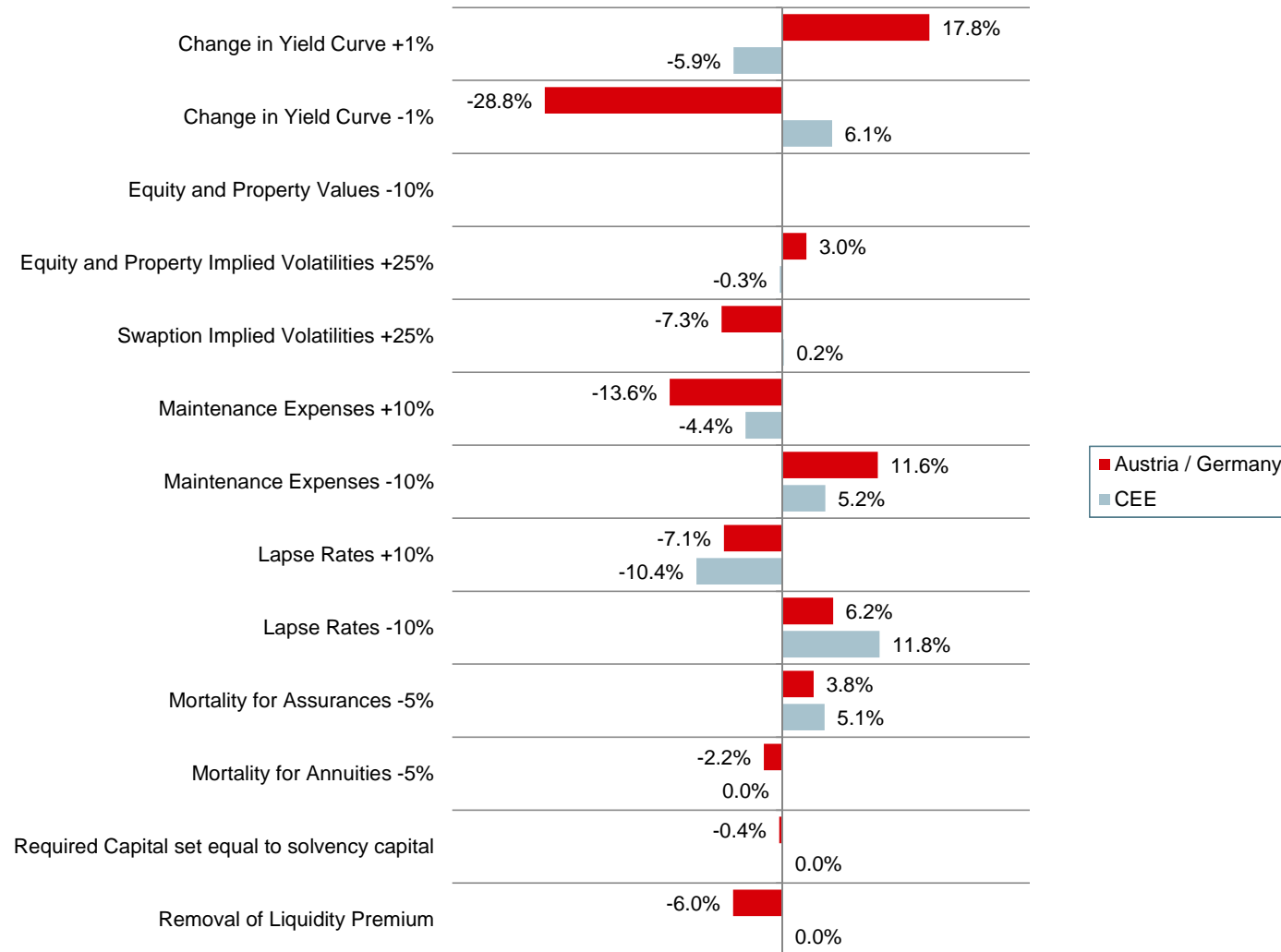
# Sensitivities

## MCEV – Life & Health



# Sensitivities

## VNB – Life & Health



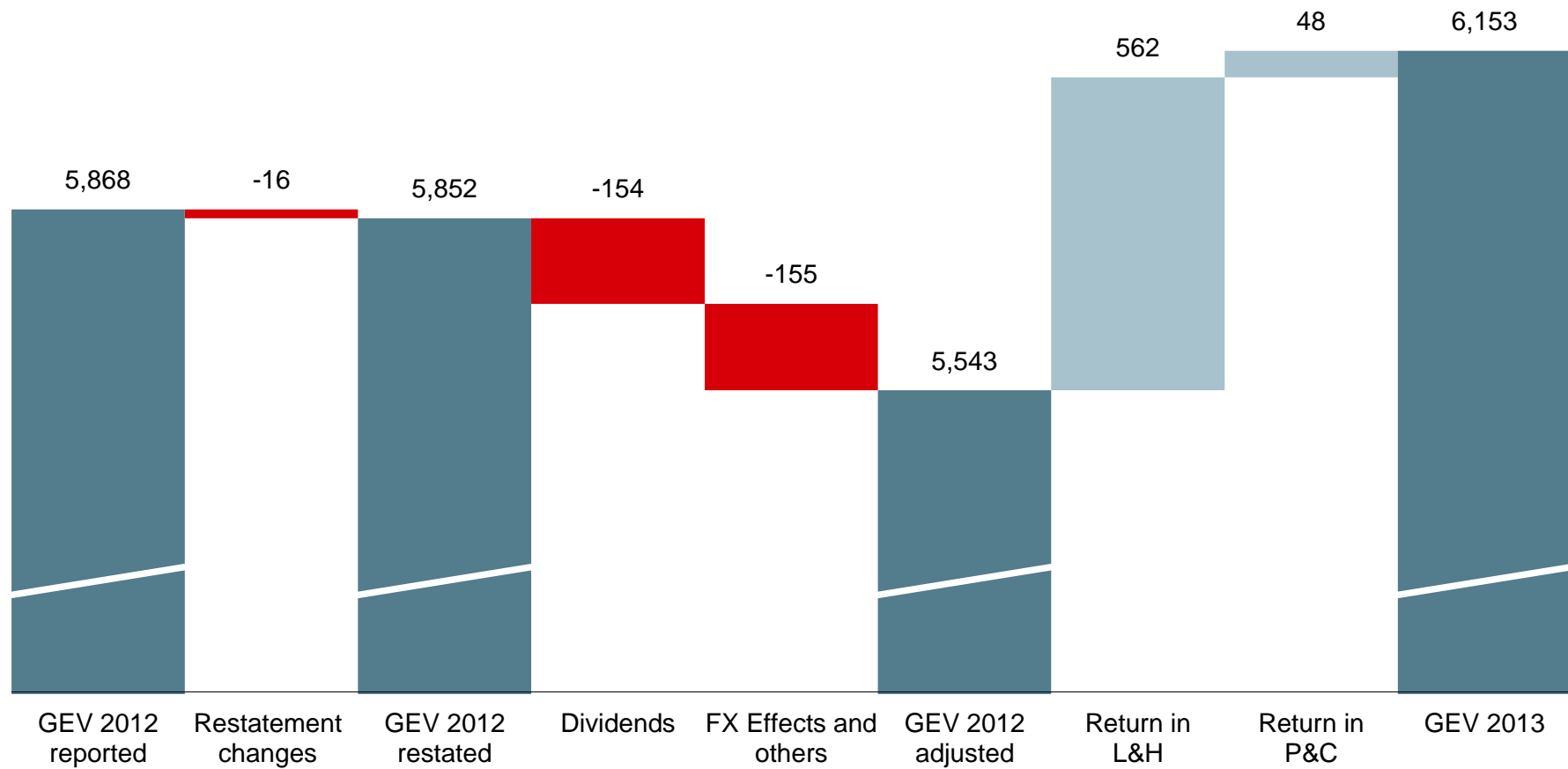
# Development



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in € mn

## Return on GEV



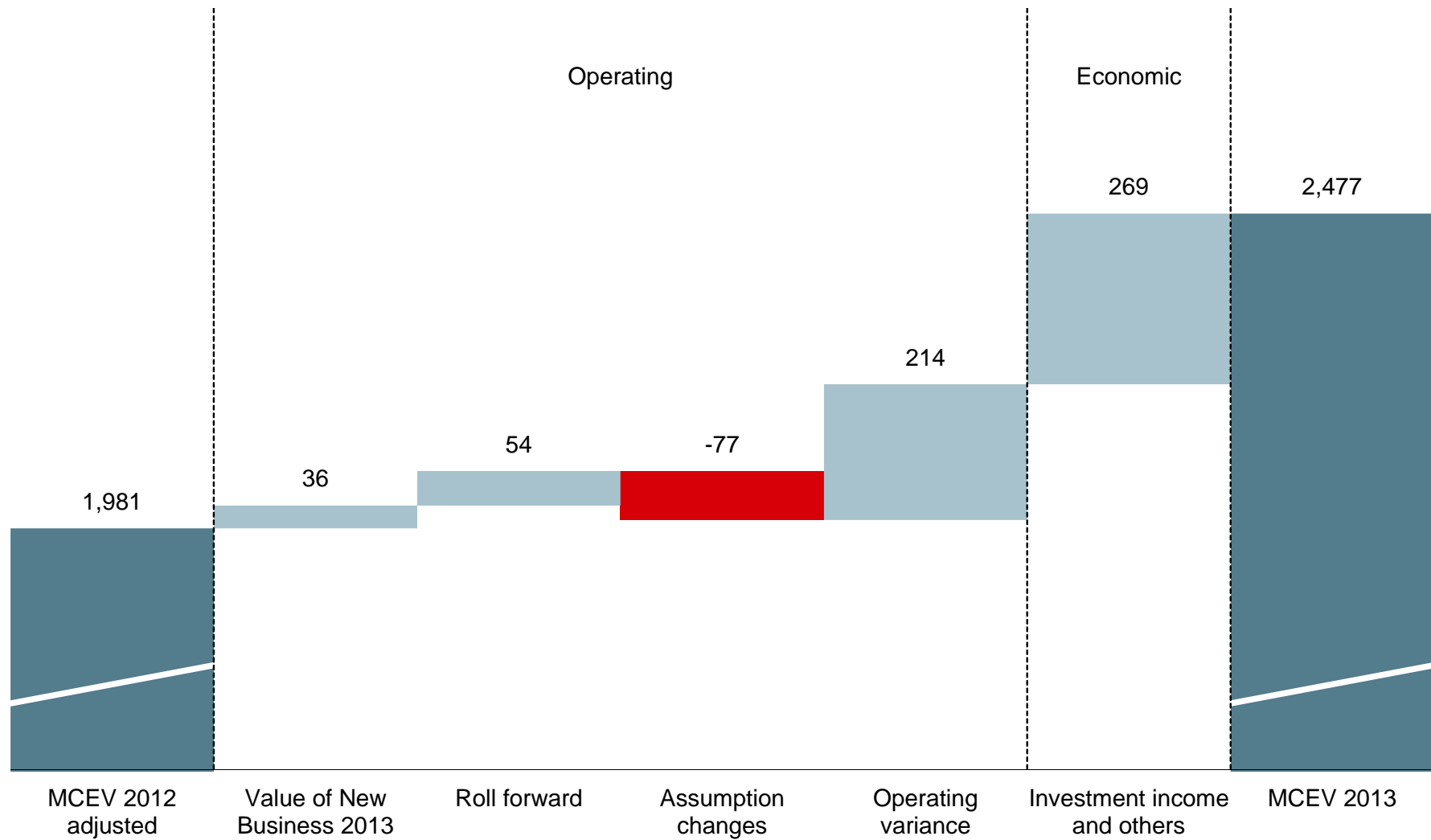
# Analysis of Change



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in € mn

## Austria / Germany – Life & Health



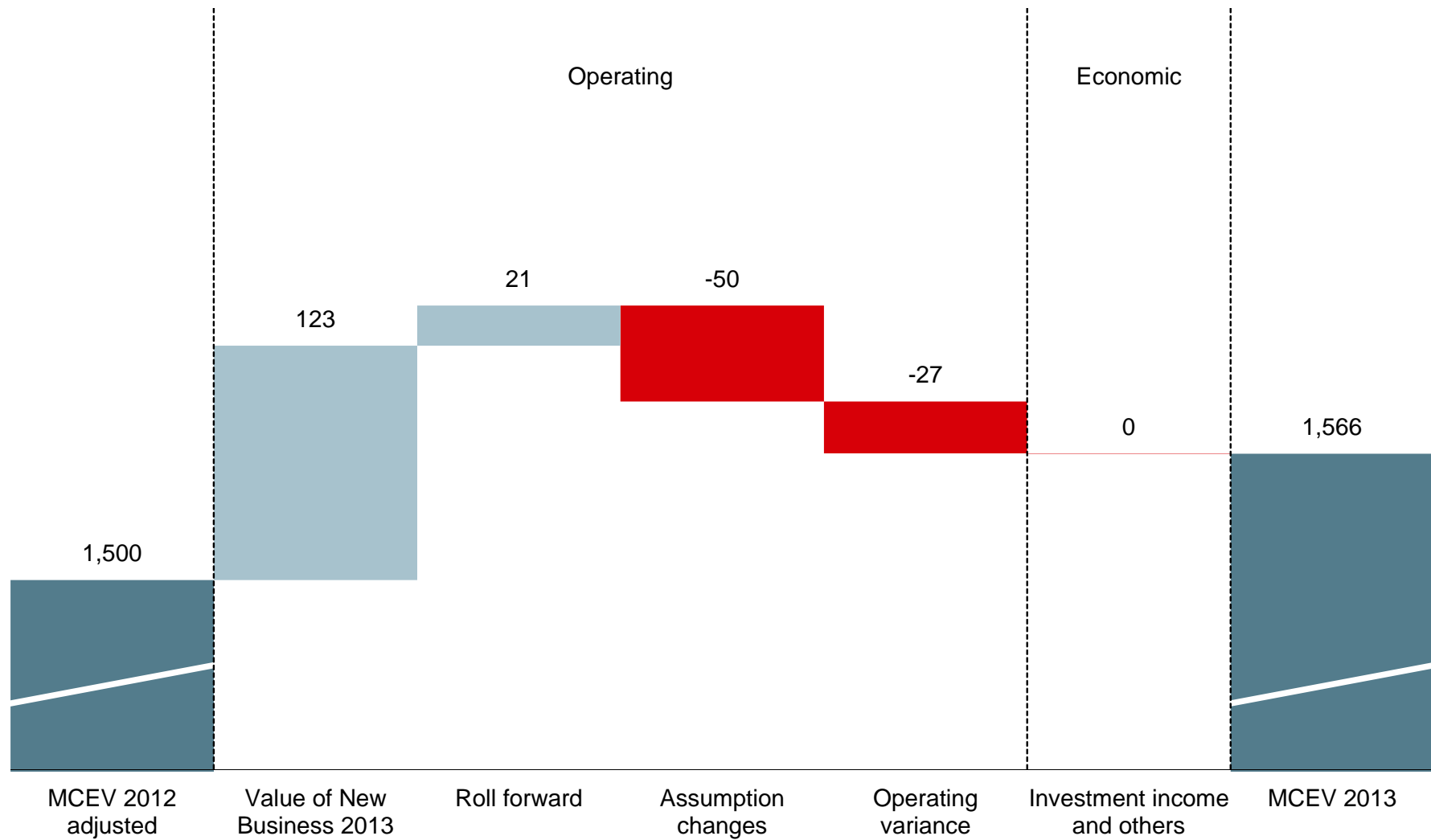
# Analysis of Change



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## CEE – Life & Health

in € mn



# Reconciliation



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in € mn

## IFRS Equity to ANAV

	2013	2012 (*)
Consolidated IFRS equity	5,020.1	5,688.6
Minorities	-170.4	-344.0
Hybrid capital	-245.6	-495.6
Intangible assets	-2,265.7	-2,410.0
<b>Subtotal</b>	<b>2,338.3</b>	<b>2,439.0</b>
Goodwill, other intangible assets and capital consolidation adjustments	552.8	856.1
Differences in valuation of financial assets	259.2	151.1
Differences in valuation basis of technical reserves (IFRS vs. local GAAP)	-88.1	-126.3
P&C surplus in claims and unearned premium reserves	534.0	540.1
Other differences	250.4	-53.3
<b>Adjusted Net Asset Value</b>	<b>3,846.6</b>	<b>3,806.8</b>

(\*) The results shown above are after restatement

# Summary

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## Highlights

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- ▶ GEV of € 6,152.7 mn (+5.1%)
- ▶ High Return on GEV of 11.0% amounting to € 609.9 mn
- ▶ Outstanding MCEV return of 25.0% in Austria / Germany L&H
- ▶ Excellent CEE profit margin of 6.0%
- ▶ Stable Surplus in Claims and Unearned Premium Reserves of € 534.0 mn

## Cautionary statement regarding forward-looking information

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- ▶ 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.