Supplementary Information on the Group Embedded Value Results 2015

VIENNA INSURANCE GROUP

TWOTHOUCEENDAND FIFTEEN

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CONTENTS

INTRODUCTION

The VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG) last disclosed its Group Embedded Value (GEV) results in April 2015 for the year 2014. The disclosure included the Market Consistent Embedded Value (MCEV) 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.

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 on-going. It is therefore not possible to determine the MCEV or ANAV for all the companies in CEE. In 2015, Benefia Non-Life was merged into Compensa Non-Life.

The chart below shows the companies for which the MCEV or ANAV is calculated and the corresponding valuation methodology. The MCEV is determined for the L&H businesses and constitutes the covered business. The ANAV is determined for the P&C businesses. The results are generally shown separately for Austria / Germany (A/G, companies shown in red below) and CEE (companies shown in grey below).

Austria	VIG Holding	ANAV
	Wiener Städtische	MCEV and ANAV
	Donau Versicherung	MCEV and ANAV
	s Versicherung	MCEV and ANAV
Germany	InterRisk Non-Life	ANAV
	InterRisk Life	MCEV
Czech Republic	Kooperativa	MCEV and ANAV
	ČPP	MCEV and ANAV
	PČS	MCEV
	VIG RE	MCEV and ANAV
Slovakia	Kooperativa	MCEV and ANAV
	Komunalna	MCEV and ANAV
	PSLSP	MCEV
Hungary	Union Biztosító	MCEV and ANAV
	Vienna Life Biztosító	MCEV
	Erste Biztosító	MCEV
Poland	Compensa Non-Life	ANAV
	Compensa Life	MCEV
	InterRisk	ANAV
	Skandia	MCEV
Romania	BCR Life	MCEV
Croatia	Erste osiguranje	MCEV

The insurance companies for which MCEV or ANAV is not calculated are included in the GEV on the basis of the book value as shown in the respective parent company's audited local statutory accounts. The consolidation process ensures that where one of the businesses has an interest in another business, the value of the parent company excludes the book value and any unrecognized capital gains in respect of the dependent business.

VIG applies a bottom-up methodology in setting the economic assumptions for the MCEV calculations. The CFO Forum of European Insurers' Market Consistent Embedded Value Principles©[1] ("the Principles"), which were launched in June 2008 and amended in October 2009, are applied.

In accordance with the October 2009 MCEV Principle 14 and to appropriately reflect the long-term and relatively illiquid nature of the insurance liabilities, VIG applies liquidity premiums to the swap rates for the GEV as at 31 December 2015 and 2014 as detailed in the Economic Assumptions section.

The directors of VIG acknowledge their responsibility for the preparation of the supplementary information and confirm the Group Embedded Value is prepared, in all material aspects, in accordance with the MCEV Principles, with the exception of the principles 17.3.37 to 17.3.47, which relate to the preparation of a Group MCEV and the segmentation.

B&W Deloitte GmbH, Cologne, reviews VIG's GEV methodology, assumptions and calculations. 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.

GEV REPORTING

- **Market Consistent Embedded Value for the L&H businesses and Adjusted Net Asset Value for the P&C businesses.**
- **CFO Forum's MCEV Principles applied.**
- **Methodology, assumptions and calculations reviewed by B&W Deloitte GmbH, Cologne.**

SUMMARY OF RESULTS

The GEV is an estimate of the economic value of insurance business including for covered business future profits on existing business, but excluding any profits on future new 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:

- Adjusted Net Asset Value (ANAV) where 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 Costs of Required Capital (FCRC)
  minus Cost of Residual Non-Hedgeable Risks (CRNHR)

All the values shown in this disclosure are net of tax and exclude minority interests.

GROUP EMBEDDED VALUE

The following table shows the GEV results as at 31 December 2015 and 2014.

	L&H		P&C		Total	
	2015	2014	2015	2014	2015	2014
in EUR million						
Austria / Germany						
Free Surplus	304.6	-14.9				
Required Capital	696.0	1,042.5				
ANAV	**1,000.6**	**1,027.7**	**333.5**	**394.8**	**1,334.1**	**1,422.5**
PVFP	1,965.4	1,577.0			1,965.4	1,577.0
- TVFOG	-97.1	-264.3			-97.1	-264.3
- FCRC	-49.5	-121.9			-49.5	-121.9
- CRNHR	-246.7	-186.3			-246.7	-186.3
VIF	**1,572.1**	**1,004.5**			**1,572.1**	**1,004.5**
Subtotal	**2,572.7**	**2,032.2**	**333.5**	**394.8**	**2,906.2**	**2,427.0**
CEE						
Free Surplus	716.3	476.6				
Required Capital	41.7	248.6				
ANAV	**758.0**	**725.1**	**1,550.7**	**1,819.2**	**2,308.7**	**2,544.3**
PVFP	1,385.8	1,268.9			1,385.8	1,268.9
- TVFOG	-38.8	-34.6			-38.8	-34.6
- FCRC	-1.1	-6.1			-1.1	-6.1
- CRNHR	-105.7	-87.8			-105.7	-87.8
VIF	**1,240.2**	**1,140.4**			**1,240.2**	**1,140.4**
Subtotal	**1,998.1**	**1,865.6**	**1,550.7**	**1,819.2**	**3,548.8**	**3,684.7**
Total						
Free Surplus	1,020.9	461.7				
Required Capital	737.7	1,291.1				
ANAV	**1,758.6**	**1,752.8**	**1,884.2**	**2,214.0**	**3,642.8**	**3,966.8**
PVFP	3,351.2	2,845.9			3,351.2	2,845.9
- TVFOG	-135.9	-298.9			-135.9	-298.9
- FCRC	-50.6	-128.0			-50.6	-128.0
- CRNHR	-352.4	-274.1			-352.4	-274.1
VIF	**2,812.3**	**2,144.9**			**2,812.3**	**2,144.9**
Total	**4,570.9**	**3,897.7**	**1,884.2**	**2,214.0**	**6,455.1**	**6,111.7**

The contribution of the P&C businesses to the GEV includes surpluses in claims and unearned premium reserves. This is not compliant with the CFO Forum's MCEV principle 17.3.37 relating to non-covered business, in which non-covered business should be valued at the unadjusted IFRS net asset value. The remaining non-covered insurance businesses are included in the GEV at book value.

RETURN ON GROUP EMBEDDED VALUE

The return on GEV is split by the regions Austria / Germany and CEE, as well as between L&H and P&C segments. Transfers between these regions and segments are included in the opening adjustments shown below.

	L&H		P&C		Total	
in EUR million						
Austria / Germany						
GEV 2014 Reported	2,032.2		394.8		2,427.0	
Opening Adjustments	-52.9		25.9		-27.0	
Thereof dividends	*-61.0*		*119.1*		*58.1*	
GEV 2014 Adjusted	1,979.3		420.7		2,400.0	
Return on GEV	**593.5**	**30.0%**	**-87.2**	**-20.7%**	**506.3**	**21.1%**
GEV 2015	2,572.7		333.5		2,906.2	
CEE						
GEV 2014 Reported	1,865.6		1,819.2		3,684.7	
Opening Adjustments	-31.0		-83.2		-114.2	
Thereof dividends	*-50.8*		*-186.5*		*-237.3*	
GEV 2014 Adjusted	1,834.6		1,736.0		3,570.6	
Return on GEV	**163.6**	**8.9%**	**-185.3**	**-10.7%**	**-21.7**	**-0.6%**
GEV 2015	1,998.1		1,550.7		3,548.8	
Total						
GEV 2014 Reported	3,897.7		2,214.0		6,111.7	
Opening Adjustments	-83.9		-57.3		-141.2	
Thereof dividends	*-111.8*		*-67.4*		*-179.2*	
GEV 2014 Adjusted	3,813.8		2,156.7		5,970.5	
Return on GEV	**757.1**	**19.9%**	**-272.5**	**-12.6%**	**484.5**	**8.1%**
GEV 2015	4,570.9		1,884.2		6,455.1	

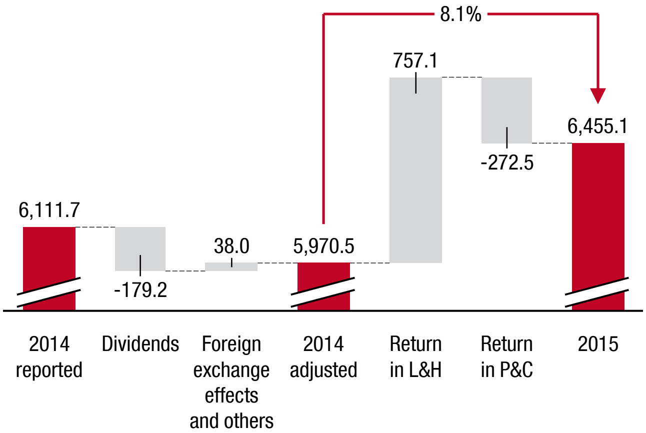
The total opening adjustments include:

- the dividends of EUR 179.2 million VIG paid in 2015;
- the foreign exchange rate movements during the year.

The return on GEV in 2015 is mainly due to:

- the positive impact of the economic variance and the new business contribution in L&H;
- the positive impact of refinements to management rules in preparation for the long-term low yields in L&H A/G;
- the decrease of P&C surpluses in reserves;
- net depreciations in P&C;
- the negative impact of the new banking tax in Poland.

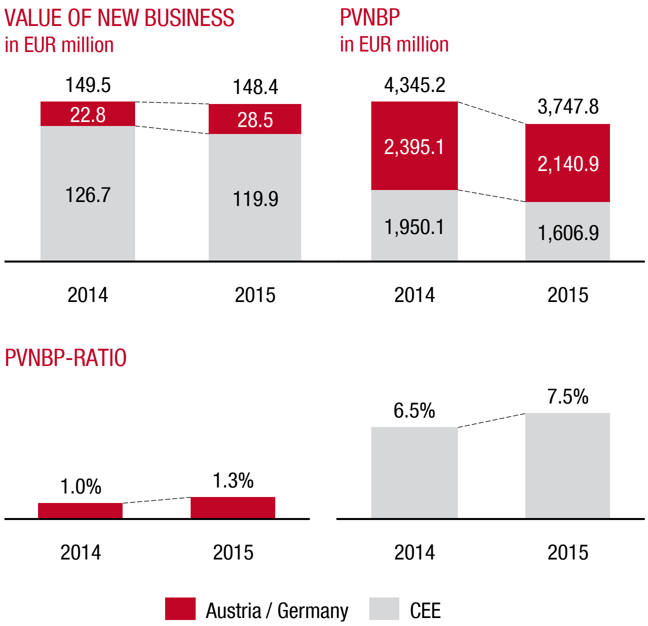
GROUP EMBEDDED VALUE DEVELOPMENT
in EUR million



VALUE OF NEW BUSINESS

The Value of New Business (VNB) is calculated only for the covered business and the following table shows 2015 and 2014 results. Profitability is measured as a percentage of the Annual Premium Equivalent (APE) and the Present Value of New Business Premiums (PVNBP). The APE equals one tenth of the single premiums plus the annualized amount of regular premiums written during the year.

in EUR million	2015	2014
Austria / Germany		
Value of New Business	28.5	22.8
APE	184.0	206.7
APE-Ratio	**15.5%**	**11.0%**
PVNBP	2,140.9	2,395.1
PVNBP-Ratio	**1.3%**	**1.0%**
CEE		
Value of New Business	119.9	126.7
APE	228.1	262.3
APE-Ratio	**52.6%**	**48.3%**
PVNBP	1,606.9	1,950.1
PVNBP-Ratio	**7.5%**	**6.5%**
Total		
Value of New Business	148.4	149.5
APE	412.1	469.0
APE-Ratio	**36.0%**	**31.9%**
PVNBP	3,747.8	4,345.2
PVNBP-Ratio	**4.0%**	**3.4%**



The VNB is calculated as the PVFP for the new L&H business sold in 2015, 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. Therefore the new business strain for the Austrian business includes the shareholder's share of the total acquisition expenses net of tax.

In 2015, the VNB increases by 24.9% in A/G. The CEE new business profitability grows to 7.5%. The overall profitability increased due to lower volumes of low-margin single premium business.

GEV 2015 HIGHLIGHTS

- **GEV of EUR 6,455.1 million**
- **Return of 8.1% on GEV amounting to EUR 484.5 million**
- **High L&H growth with return of 19.9%**
- **Excellent CEE profit margin of 7.5%**

METHODOLOGY

The GEV represents shareholders' interests in the covered and non-covered business. Components of the GEV are described below. Calculations are performed separately for each business after allowing for both external and intra-group reinsurance.

ADJUSTED NET ASSET VALUE

The ANAV is defined as:

- the shareholders' equity under the local GAAP bases;
- plus the "untaxed reserves" after tax – these reserves are available to cover the solvency requirements;
- plus the shareholders' share of the unrecognized 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 and unearned premium reserves after tax (only for the P&C businesses);
- plus the equalization reserves after tax (only for the P&C businesses);
- less the intangible assets after tax;
- less the difference between the shareholder share of IFRS and local GAAP pension liabilities after tax;
- less the difference between the market and book value of the subordinated debt and hybrid capital after tax.

The Austrian operations are composite insurance companies and their assets are split between the operating segments (i.e. P&C and L&H) on the basis of the segment statutory balance sheets. The financial assets for the L&H operating segments are further split between the participating business, the non-participating business and the shareholder fund.

The majority of the holdings in VIG's insurance subsidiaries are directly held by VIG Holding. The main exceptions are s Versicherung, which is partially held by Wiener Städtische, and Donau Versicherung, which is partially held by s Versicherung.

The after tax unrecognized capital gains for the P&C segment are fully allocated to the shareholders and included in the ANAV. For the L&H segment the unrecognized capital gains are included in the calculation of the VIF to the extent that they are covering technical reserves and allow for relevant minimum profit participation rules and the company's profit participation strategy. The balance net of tax is included in the ANAV.

For the P&C businesses, the surplus in claims reserves arising from insurance obligations to third parties is the after tax amount by which the reserves in the local statutory balance sheets exceed a given actuarial best estimate of the required reserve. The best estimate claims reserve is defined as the mean of the eventual undiscounted 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.

For the P&C businesses, the surplus in unearned premiums reserves reflects the estimated surplus, after tax, on a best estimate basis emerging from the unearned premium reserve arising from obligations to third parties.

The Required Capital for each L&H company or segment is determined as the Solvency Required Capital less subordinated debt and VIF under the new Solvency 2 regime. The capital requirements for Standard & Poor's A rating are defined as 150% of the solvency margin for the L&H segment of VIG Re in Czech Republic and 100% of the solvency margin for all other companies.

The Free Surplus is the ANAV in excess of the Required Capital.

PRESENT VALUE OF FUTURE PROFITS AND TIME VALUE OF FINANCIAL OPTIONS AND GUARANTEES

The PVFP 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 PVFP 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, lapse rates, mortality and morbidity rates, profit 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 behaviour, i.e. some assumptions (e.g. the asset allocation or lapse 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 a sufficient number of 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 and property 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 a non-material part of the total technical provisions of VIG.

FRICTIONAL COSTS OF REQUIRED CAPITAL

The FCRC are calculated as the present value at the risk-free interest rates of the frictional costs on the Required Capital. The frictional costs are defined as the sum of the tax on the future investment returns and investment expenses. The same definitions for the FCRC are applied for the in-force business and the new business.

COST OF RESIDUAL NON-HEDGEABLE RISKS

The CRNHR allows 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 risk capital model and is equal to the risk capital of residual non-hedgeable risks at the 99.5% value at risk percentile. No allowance is made for diversification between financial, non-financial or operating risks or between companies. The risk capital is projected over the life time of the portfolio on the basis of projected reserves, premiums, expenses or other relevant drivers of the risk capital components. The same risk drivers are used to project the risk capital for in-force and new business.

The net of tax capital charge assumed for the CRNHR is 2% p.a. on the projected risk capital for the calculations as at 31 December 2015 and 2014.

VALUE OF NEW BUSINESS

The VNB represents the value generated by new business sold during the reporting period. New business premiums are defined as premiums arising from new business. New business includes policies where a new contract is signed or underwriting is carried out. The value of premium increases on existing contracts during the period is included in the VIF.

ASSUMPTIONS

ECONOMIC ASSUMPTIONS

VIG's MCEV reference rates methodology is in line with market practice and consistent with the Solvency 2 methodology for the basic risk free curve, with the exception that no credit risk adjustment is allowed for. The reference rates consist of the risk-free interest rates adjusted for the liquidity premiums and extrapolated to the ultimate forward rate (UFR) as described below.

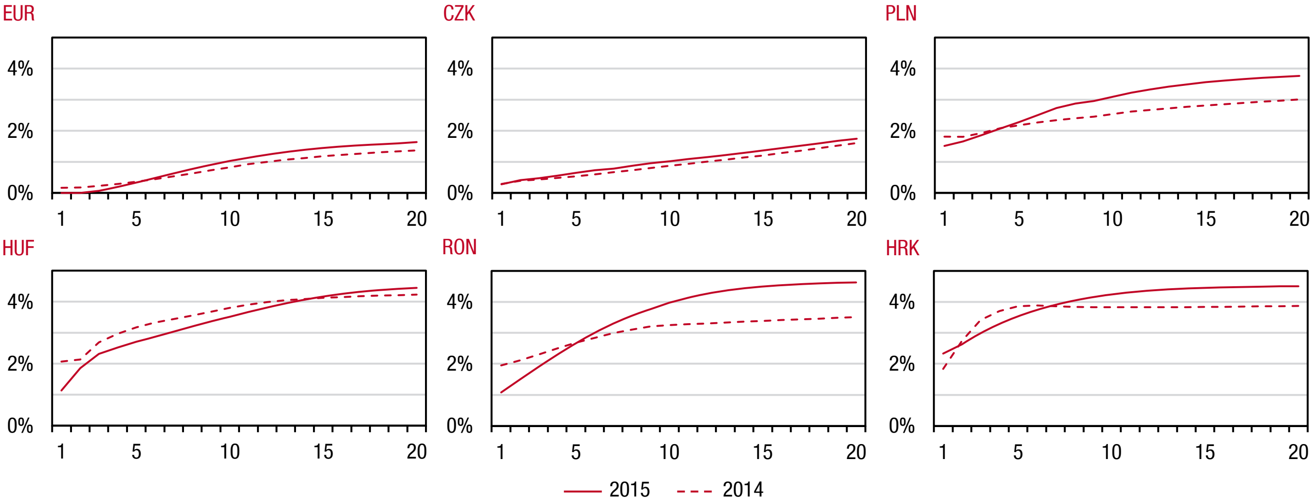
The risk-free interest rates are based on the corresponding liquid swap rates or government bond rates up until the last liquid point. Beyond the last liquid point, the risk-free rates are extrapolated using the Smith-Wilson technique to the UFR of 4.2%.

Risk-free Interest Rates

	EUR		CZK		PLN	
	2015	2014	2015	2014	2015	2014
1 year	0.00%	0.16%	0.28%	0.29%	1.51%	1.81%
2 years	0.00%	0.18%	0.41%	0.39%	1.65%	1.81%
5 years	0.33%	0.36%	0.65%	0.53%	2.28%	2.18%
10 years	1.02%	0.82%	1.02%	0.87%	3.09%	2.54%
20 years	1.63%	1.37%	1.75%	1.60%	3.77%	3.01%

	HUF		RON		HRK	
	2015	2014	2015	2014	2015	2014
1 year	1.13%	2.07%	1.07%	1.95%	2.33%	1.84%
2 years	1.86%	2.13%	1.49%	2.11%	2.64%	2.74%
5 years	2.71%	3.17%	2.67%	2.68%	3.54%	3.86%
10 years	3.51%	3.80%	3.97%	3.25%	4.24%	3.82%
20 years	4.45%	4.23%	4.63%	3.50%	4.50%	3.87%

RISK-FREE INTEREST RATES



Liquidity Premiums

	2015	2014
EUR	0.22%	0.09%
CZK	0.06%	0.16%
PLN	0.08%	0.02%
HUF	0.19%	0.02%
RON	0.01%	0.09%
HRK	0.12%	0.09%

VIG uses Moody's Analytics economic scenario generator (ESG). The swaption implied volatilities and the equity option volatilities used to calibrate the ESG are based on implied volatilities. The ESG calibration volatilities are shown in the tables below.

Interest Rate Volatilities

	EUR					
	2015			2014		
Option/Swap Term	5 years	10 years	15 years	5 years	10 years	15 years
5 years	42.59%	39.60%	37.36%	46.07%	42.07%	38.95%
10 years	37.17%	34.70%	31.71%	37.12%	34.11%	30.24%
15 years	33.91%	30.84%	28.21%	32.09%	28.44%	24.12%

	CZK					
	2015			2014		
Option/Swap Term	5 years	10 years	15 years	5 years	10 years	15 years
5 years	51.31%	44.41%	38.26%	67.47%	55.03%	42.61%
10 years	42.12%	35.43%	30.46%	41.85%	32.56%	25.96%
15 years	34.95%	31.15%	27.60%	28.96%	24.36%	20.36%

	PLN					
	2015			2014		
Option/Swap Term	5 years	10 years	15 years	5 years	10 years	15 years
5 years	33.64%	31.32%	29.43%	38.67%	32.04%	27.01%
10 years	28.91%	26.87%	25.06%	27.84%	22.96%	19.46%
15 years	24.85%	23.02%	21.40%	20.99%	17.56%	15.09%

Equity Volatilities

	EUR		CZK		PLN	
	2015	2014	2015	2014	2015	2014
1 year	19.15%	16.45%	16.22%	14.57%	18.85%	16.77%
2 years	19.41%	16.59%	16.96%	15.21%	18.36%	16.37%
5 years	19.30%	16.60%	17.13%	15.50%	17.51%	15.78%
10 years	18.49%	16.07%	18.09%	17.36%	17.85%	16.40%
20 years	20.98%	18.51%	20.40%	19.32%	20.91%	18.18%

The correlation assumptions used to calibrate the ESG are based on long-term historic market data.

Foreign Currency Exchange and Tax Rates

The following table shows the foreign currency exchange rates against EUR and the nominal tax rates.

	Exchange rate		Tax rate	
	2015	2014	2015	2014
Austria			25.00%	25.00%
Germany			31.23%	31.23%
Czech Republic	27.02	27.74	19.00%	19.00%
Croatia	7.64	7.66	20.00%	20.00%
Slovakia			22.00%	22.00%
Poland	4.26	4.27	19.00%	19.00%
Hungary	315.98	315.54	19.00%	19.00%
Romania	4.52	4.48	16.00%	16.00%

Additional allowance has been made for the future impact of the new banking tax in Poland.

Other Economic Assumptions

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 are fixed at 2.0% p.a. for the calculations as at 31 December 2015 and 2014.

The best estimate assumptions used in the calculation of the Implied Discount Rate and Internal Rate of Return are the reference rates for bonds and cash. For equities, properties and alternative investments risk premiums of 3%, 1% and 2% respectively, are added to the reference rates.

OPERATING ASSUMPTIONS

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

The assumed profit sharing for the Austrian Health insurance business, in accordance with current practice, is limited to the "no claims bonus". It does not allow for the minimum profit participation rules that were introduced by the Austrian Supervisory Authority (FMA) in 2007, because these rules are applicable for a non-material part of the Wiener Städtische health insurance portfolio as at 31 December 2015 and 2014.

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

Expense assumptions for the covered businesses are based on the companies' recent experience. No expenses are excluded as one-off expenses and all the expenses within VIG are allocated to the operating segments of L&H or P&C.

ANALYSIS OF CHANGE

The following tables show the analysis of change in the MCEV separately consolidated for Austria / Germany, for CEE and for the L&H business in total.

Austria / Germany	Free Surplus	Required Capital	VIF	MCEV
in EUR million				
Value 2014 reported	**-14.9**	**1,042.5**	**1,004.5**	**2,032.2**
Capital and dividend flows	-52.9	0.0	0.0	-52.9
Foreign exchange variance	0.0	0.0	0.0	0.0
Acquired/divested businesses	0.0	0.0	0.0	0.0
Value 2014 adjusted	**-67.8**	**1,042.5**	**1,004.5**	**1,979.3**
Value of New Business	**-74.0**	**38.0**	**64.5**	**28.5**
Roll forward reference rate	0.8	0.0	9.0	9.8
Roll forward excess rate	1.5	0.0	19.3	20.8
Transfers from VIF and required capital to free surplus	171.2	-76.0	-95.3	0.0
Experience variance	-58.7	1.3	35.1	-22.3
Assumptions changes	-0.2	0.2	-72.9	-72.9
Other operating variance	369.9	-367.6	338.8	341.2
Operating MCEV earnings	**410.6**	**-404.0**	**298.5**	**305.0**
Economic variance	24.6	24.0	222.8	271.4
Other non-operating variance	-62.8	33.5	46.3	17.0
Total MCEV earnings	**372.4**	**-346.5**	**567.6**	**593.5**
Value 2015	**304.6**	**696.0**	**1,572.1**	**2,572.7**

CEE	Free Surplus	Required Capital	VIF	MCEV
in EUR million				
Value 2014 reported	**476.6**	**248.6**	**1,140.4**	**1,865.6**
Capital and dividend flows	-42.2	0.0	0.0	-42.2
Foreign exchange variance	4.0	2.9	21.7	28.5
Acquired/divested businesses	-17.3	0.0	0.0	-17.3
Value 2014 adjusted	**421.0**	**251.5**	**1,162.1**	**1,834.6**
Value of New Business	**-45.9**	**-0.4**	**166.2**	**119.9**
Roll forward reference rate	3.3	0.0	12.2	15.5
Roll forward excess rate	3.9	0.0	2.3	6.2
Transfers from VIF and required capital to free surplus	194.9	-48.3	-146.6	0.0
Experience variance	-10.3	11.6	21.1	22.4
Assumptions changes	4.5	-4.5	-1.2	-1.2
Other operating variance	-0.1	0.1	2.0	2.0
Operating MCEV earnings	**150.3**	**-41.6**	**56.0**	**164.7**
Economic variance	-22.7	-0.5	38.7	15.4
Other non-operating variance	167.7	-167.7	-16.5	-16.5
Total MCEV earnings	**295.3**	**-209.8**	**78.1**	**163.6**
Value 2015	**716.3**	**41.7**	**1,240.2**	**1,998.1**

Total L&H business	Free Surplus	Required Capital	VIF	MCEV
in EUR million				
Value 2014 reported	**461.7**	**1,291.1**	**2,144.9**	**3,897.7**
Capital and dividend flows	-95.2	0.0	0.0	-95.2
Foreign exchange variance	4.0	2.9	21.7	28.5
Acquired/divested businesses	-17.3	0.0	0.0	-17.3
Value 2014 adjusted	**353.2**	**1,294.0**	**2,166.6**	**3,813.8**
Value of New Business	**-119.9**	**37.6**	**230.7**	**148.4**
Roll forward reference rate	4.1	0.0	21.2	25.3
Roll forward excess rate	5.4	0.0	21.6	27.0
Transfers from VIF and required capital to free surplus	366.1	-124.3	-241.9	0.0
Experience variance	-69.0	12.9	56.2	0.1
Assumptions changes	4.2	-4.2	-74.1	-74.1
Other operating variance	369.9	-367.5	340.8	343.1
Operating MCEV earnings	**560.9**	**-445.6**	**354.5**	**469.8**
Economic variance	1.8	23.5	261.4	286.8
Other non-operating variance	104.9	-134.2	29.8	0.5
Total MCEV earnings	**667.6**	**-556.3**	**645.7**	**757.1**
Value 2015	**1,020.9**	**737.7**	**2,812.3**	**4,570.9**

The opening adjustments of EUR -83.9 million to the L&H MCEV include:

- the dividends paid to shareholders from the consolidated L&H segments in 2015;
- the impact of exchange rate movements;
- transfers between the L&H and P&C segments in Austria / Germany and CEE in 2015.

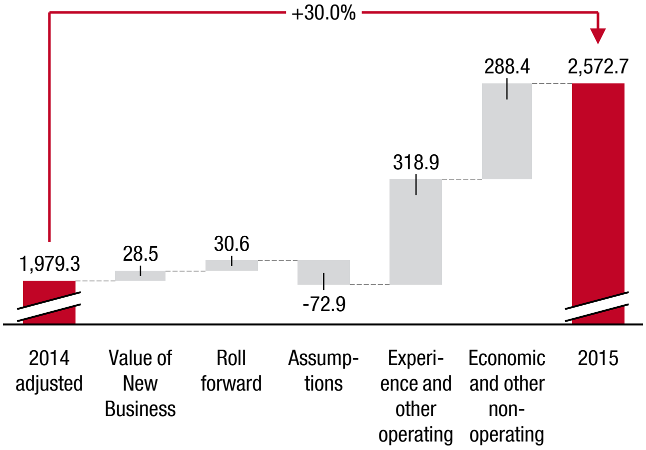
The VNB for Austria / Germany is EUR 28.5 million. The decrease in the free surplus is due to the non-deferral of acquisition expenses for the conventional business in Austria and this is compensated by a higher VIF. The VNB for CEE is EUR 119.9 million.

The expected existing business contribution on the basis of the reference rates for Austria / Germany is EUR 9.8 million. This represents the unwinding at the reference rates of all the components of the MCEV with the exception of the free surplus which increases at the reference rates after tax. The unwinding also includes a release of the TVFOG for one year. The corresponding result for CEE is EUR 15.5 million.

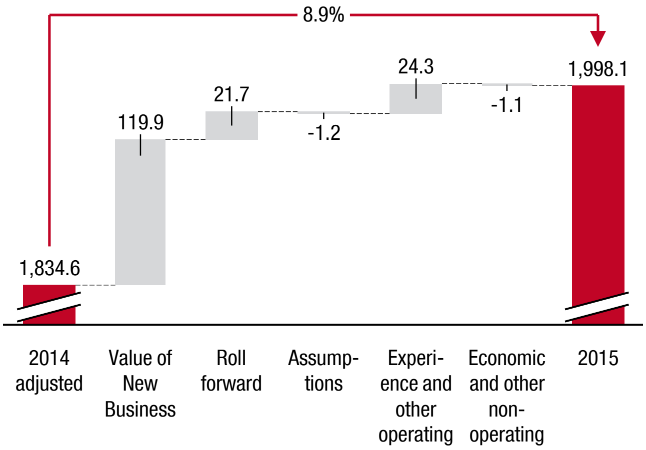
The expected existing business contribution in excess of the reference rates reflects the differences in 2015 between management's best estimates for the investment returns on assets and the reference rates. The total impact is EUR 27.0 million.

The experience variance is EUR -22.3 million for Austria / Germany and EUR 22.4 million for CEE. These amounts

MCEV AUSTRIA / GERMANY
in EUR million



MCEV CEE
in EUR million



include a number of positive and negative variances. The main impacts in Austria / Germany are higher than projected taxes and profit participation, and a more favourable persistency in the life businesses. In CEE, a less favourable persistency was compensated by a positive mortality experience.

The impact of the assumption changes is EUR -72.9 million for Austria / Germany and EUR -1.2 million for CEE. The main effect in Austria / Germany is due to higher lapse assumptions in health business.

The other operating variances are EUR 341.2 million in Austria / Germany and EUR 2.0 million in CEE. In Austria / Germany the most significant impact is due to refinements to management rules in preparation for the long-term low yield environment.

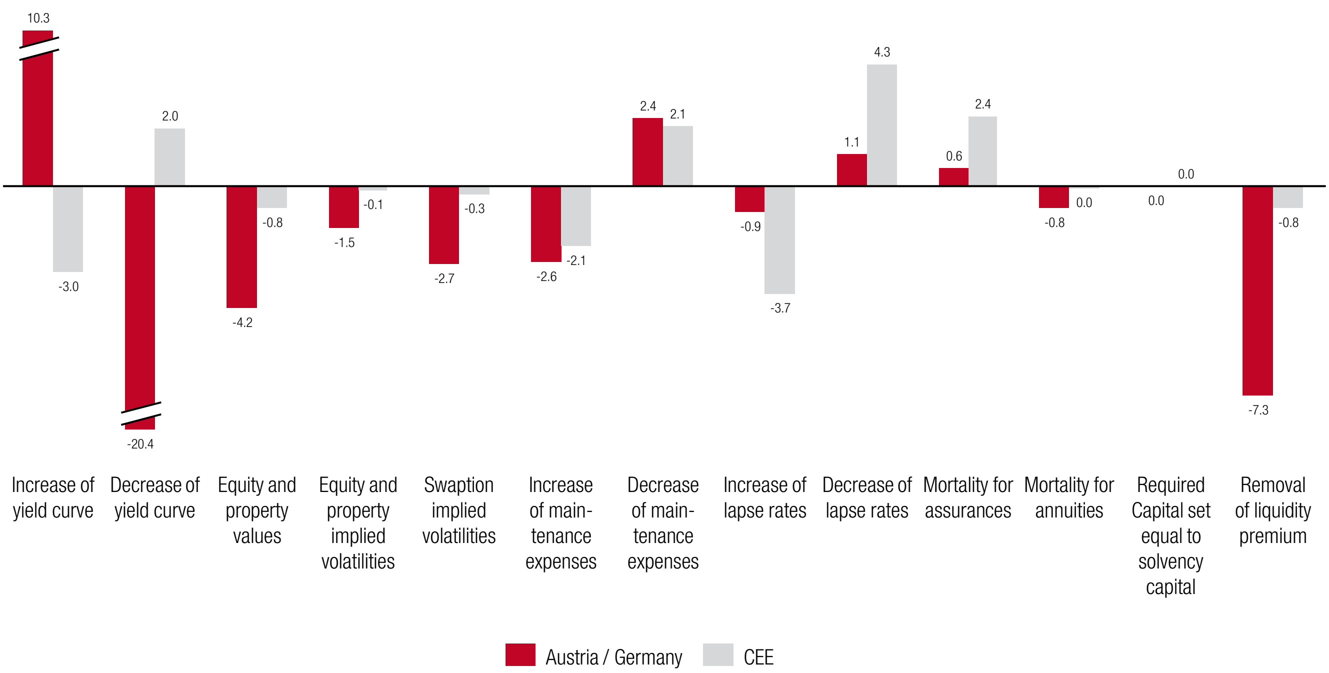
The economic variance in Austria / Germany amounts to EUR 271.4 million, which is mainly the impact of higher than projected investment returns and the increased level of the reference rate. The economic variance in CEE was EUR 15.4 million.

SENSITIVITY ANALYSIS

The following tables show the sensitivities of the MCEV and the VNB as at 31 December 2015 to change in various assumptions.

MCEV		Austria / Germany	% change	CEE	% change	Total	% change
in EUR million							
Base value		**2,572.7**		**1,998.1**		**4,570.9**	
Change in yield curve	+1%	263.9	10.3%	-59.3	-3.0%	204.6	4.5%
Change in yield curve	-1%	-524.2	-20.4%	40.8	2.0%	-483.4	-10.6%
Equity and property values	-10%	-107.8	-4.2%	-15.6	-0.8%	-123.4	-2.7%
Equity and property implied volatilities	+25%	-38.0	-1.5%	-2.2	-0.1%	-40.3	-0.9%
Swaption implied volatilities	+25%	-68.4	-2.7%	-5.1	-0.3%	-73.5	-1.6%
Maintenance expenses	+10%	-67.6	-2.6%	-41.3	-2.1%	-108.9	-2.4%
Maintenance expenses	-10%	61.7	2.4%	41.4	2.1%	103.1	2.3%
Lapse rates	+10%	-23.3	-0.9%	-74.9	-3.7%	-98.2	-2.1%
Lapse rates	-10%	28.1	1.1%	85.1	4.3%	113.2	2.5%
Mortality for assurances	-5%	15.8	0.6%	48.1	2.4%	63.8	1.4%
Mortality for annuities	-5%	-20.1	-0.8%	-0.5	0.0%	-20.6	-0.5%
Required Capital set equal to solvency capital		0.0	0.0%	0.1	0.0%	0.1	0.0%
Removal of liquidity premium		-187.4	-7.3%	-15.2	-0.8%	-202.6	-4.4%

MCEV SENSITIVITIES
in % of the base value



Value of New Business		Austria / Germany	% change	CEE	% change	Total	% change
in EUR million							
Base value		**28.5**		**119.9**		**148.4**	
Change in yield curve	+1%	8.3	29.1%	-8.7	-7.2%	-0.4	-0.3%
Change in yield curve	-1%	-9.2	-32.4%	7.6	6.3%	-1.7	-1.1%
Equity and property implied volatilities	+25%	-3.4	-11.8%	0.2	0.2%	-3.2	-2.1%
Swaption implied volatilities	+25%	-8.9	-31.3%	0.5	0.4%	-8.4	-5.7%
Maintenance expenses	+10%	-1.4	-5.1%	-5.0	-4.2%	-6.5	-4.4%
Maintenance expenses	-10%	2.4	8.6%	5.2	4.3%	7.6	5.1%
Lapse rates	+10%	-7.7	-27.1%	-16.1	-13.4%	-23.9	-16.1%
Lapse rates	-10%	8.5	29.8%	18.0	15.0%	26.5	17.8%
Mortality for assurances	-5%	0.7	2.6%	8.6	7.1%	9.3	6.3%
Mortality for annuities	-5%	-1.2	-4.2%	-0.1	0.0%	-1.2	-0.8%
Required Capital set equal to solvency capital		0.0	0.0%	0.0	0.0%	0.0	0.0%
Removal of liquidity premium		-4.4	-15.5%	-0.1	-0.1%	-4.5	-3.0%

VALUE OF NEW BUSINESS SENSITIVITIES
in % of the base value

The sensitivities for the MCEV results for the L&H business assume the same management actions and policyholder behaviour as for the base case. Each of the sensitivities is shown separately. If two events occur simultaneously the impact will probably not be the same as sum of the individual sensitivities.

- **Increase/decrease of 100 bps to reference rates**
  These sensitivities show the impact of a sudden parallel shift in reference rates until the last liquid point. From the last liquid point, the reference rates are extrapolated to the ultimate forward rate, which remains unchanged. There are corresponding changes in the other economic assumptions including discount rates, equity and property returns, and the market values of fixed income assets.

For Austria / Germany the -100 bps sensitivity is more significant than the +100 bps sensitivity because it leads to more interest guarantees on the participating business coming into the money. The losses in this situation are partly compensated by reducing future policyholder profit participation. The higher surplus for the +100 bps sensitivity has to be shared with policyholders.

The impact of these sensitivities for CEE are lower than for Austria / Germany 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 discount rate. In addition the CEE new business helps mitigate interest rate risk in total.

- **10% decrease in the equity and property values at the valuation date**
  The impact of this sensitivity is higher in Austria / Germany than in CEE, where it is not significant.

- **25% increase to the equity and property volatilities**
  The impact of this sensitivity is not significant.

- **25% increase to the swaption volatilities**
  The impact of this sensitivity is higher in Austria / Germany than in CEE, where it is not significant.

- **10% increase/decrease in maintenance expenses**
  The expense sensitivities for Austria / Germany and CEE are broadly symmetrical.

- **10% increase/decrease in lapse rates**
  The lapse rate sensitivities for Austria / Germany and CEE are broadly symmetrical.

- **5% decrease in mortality rates for assurances**
  The impact of this sensitivity is more significant in CEE.

- **5% decrease in mortality rates for annuities**
  The impact of this sensitivity is higher in Austria / Germany than in CEE, where it is not significant.

- **Required Capital set equal to solvency capital**
  In this sensitivity the Required Capital is reduced to the local regulatory minimum capital requirement assumed under Solvency 2. This sensitivity applies only to VIG Re in Czech Republic.

- **Removal of liquidity premium**
  The removal of liquidity premium sensitivity does not have any compensating impact on the market value of the assets at the valuation date. Therefore the impact of the removal of liquidity premium is proportionally higher than the effect of the -100 bps yield curve sensitivity for Austria / Germany.

VIF MATURITY PROFILE AND IDR/IRR

VIF MATURITY PROFILE

The following table shows the discounted profits expected to emerge from the in-force covered business as at 31 December 2015 over future years. The VIF is split into five maturity bands.

	VIF maturity profile	Total % of VIF
in EUR million		
1 to 5 years	995.1	35.4%
6 to 10 years	642.1	22.8%
11 to 15 years	391.4	13.9%
16 to 20 years	215.0	7.6%
more than 20 years	568.7	20.2%
Total	**2,812.3**	

The VIF maturity profile indicates that 58.2% of the VIF emerges during the first 10 years.

IMPLIED DISCOUNT RATE AND INTERNAL RATE OF RETURN

The Implied Discount Rate (IDR) represents the single risk discount rate under a Traditional Embedded Value methodology, which results in the same VIF as calculated under an MCEV approach.

The following table shows the IDRs for the in-force and new business.

	New Business Implied Discount Rate		In-force Business Implied Discount Rate	
	2015	2014	2015	2014
Austria / Germany	3.6%	3.2%	3.6%	3.9%
CEE	2.9%	3.4%	3.5%	4.1%

The Internal Rate of Return (IRR) represents the single risk discount rate under a Traditional Embedded Value methodology, which results in zero VNB.

	New Business Internal Rate of Return	
	2015	2014
Austria / Germany	6.5%	5.0%
CEE	32.7%	26.4%

RECONCILIATION OF IFRS EQUITY TO ANAV

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

in EUR million	2015	2014
Consolidated IFRS equity	**5,057.8**	**5,283.4**
Minorities	-197.7	-173.0
Hybrid capital	-193.6	-245.6
Intangible assets	-2,080.0	-2,369.8
Subtotal	**2,586.6**	**2,495.0**
Goodwill, other intangible assets and capital consolidation adjustments	515.6	757.7
Differences in valuation of financial assets	130.1	139.1
Differences in valuation basis of technical reserves (IFRS vs. local GAAP)	-30.2	-52.2
Property/Casualty surplus in claims and unearned premium reserves	479.5	534.6
Other differences	-38.8	92.6
ANAV	**3,642.8**	**3,966.8**

The minority interests, the hybrid capital issued and the intangible assets are deducted from the consolidated IFRS equity.

The ANAV or MCEV is not calculated for all the insurance companies within VIG. All the other companies in the Group are included in the GEV at book value and therefore goodwill and other intangible assets have to be added back to the ANAV. Prior to moving to IFRS at 1 January 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, other intangible assets and capital consolidation adjustments” add back the goodwill that had been eliminated in the past. The values of the intangible assets recognized in the IFRS Group accounts are subject to regular impairment testing.

The differences in shareholders’ share of unrecognized gains of financial assets between the consolidated IFRS accounts and the ANAV are captured in differences in valuation of financial assets.

The liabilities of the insurance operations purchased from the Erste Bank in 2008 are revaluated under IFRS. The impact of this revaluation on the IFRS equity is included in the ”differences in valuation basis of technical reserves (IFRS vs. local GAAP)”.

For P&C businesses, the difference between the accounted statutory reserves and the best estimate reserves is shown in the “Property/Casualty surplus in claims and unearned premium reserves”.

The “Other differences” include differences due to foreign exchange reserves and differences in the scope of consolidation.

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

APPENDIX: INDEPENDENT REVIEW

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

4th April 2016

Dear Prof. Stadler,

Review of the Group Embedded Value of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe as at 31 December 2015

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 2015". These Statements comprise:

- the Market Consistent Embedded Values ("MCEV") of the majority of the life and health businesses as at 31 December 2014 and 31 December 2015 together with the value of new business generated, the sensitivities and the analysis of movement in the MCEV during the year 2015;
- the Adjusted Net Asset Value (ANAV) including the Surplus in Claims and Unearned Premium Reserves for the majority of the P&C businesses at 31 December 2014 and 31 December 2015.

Some insurance companies are excluded from the scope of our review. These companies are included in the Group Embedded Value on the basis of book value as shown in the respective parent company's audited local statutory accounts, the MCEV 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 are 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 are 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, except as stated, compliant with the CFO Forum's Market Consistent Embedded Value Principles which were launched in June 2008 and amended in October 2009;
- the assumptions made by VIG are reasonable; and
- VIG's Group Embedded Value is properly compiled on the basis of the methodology and assumptions chosen by VIG.

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

(Daniel Thompson) (Bharat Bhayani)

DISCLAIMER

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.

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