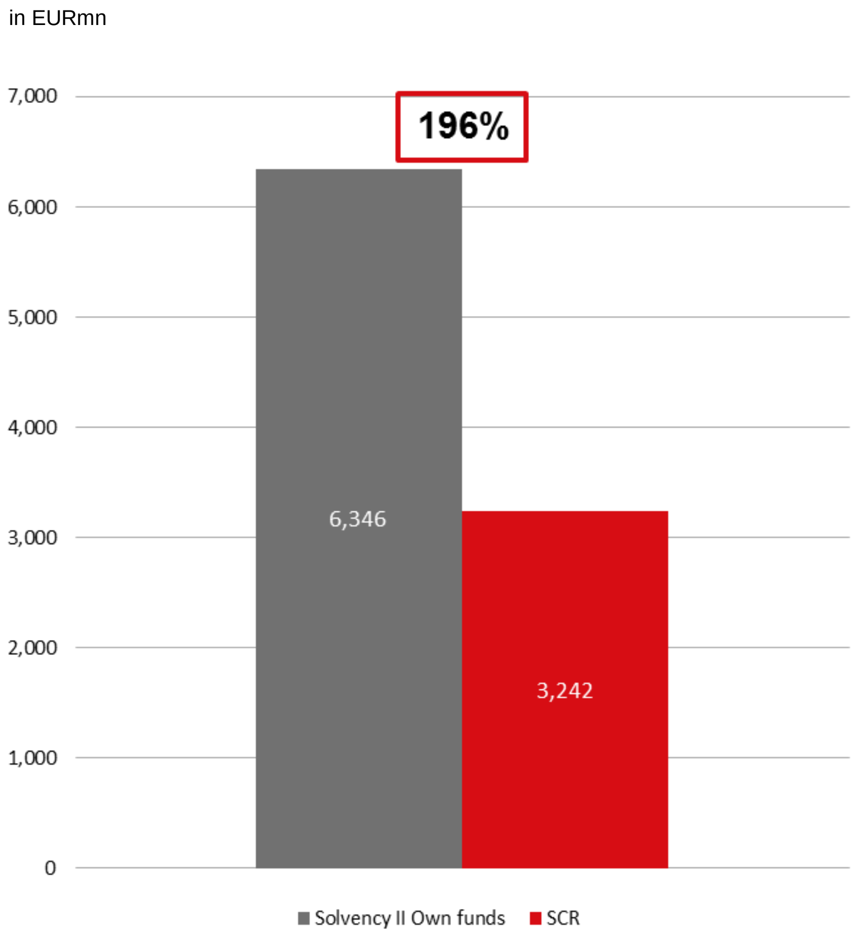
Solvency II Disclosure 2015 - Vienna Insurance Group

Solvency II ratio of 196% as of 31 Dec. 2015

Calculation based on Partial Internal Model (PIM)



- Solvency II ratio of 196% on level of stock-listed VIG
- Application of Partial Internal Model improves Solvency II ratio by 40pp
- PIM reduces SCR by EUR 800mn
- Results include volatility adjustment
- No matching adjustment
- No transitional rules considered

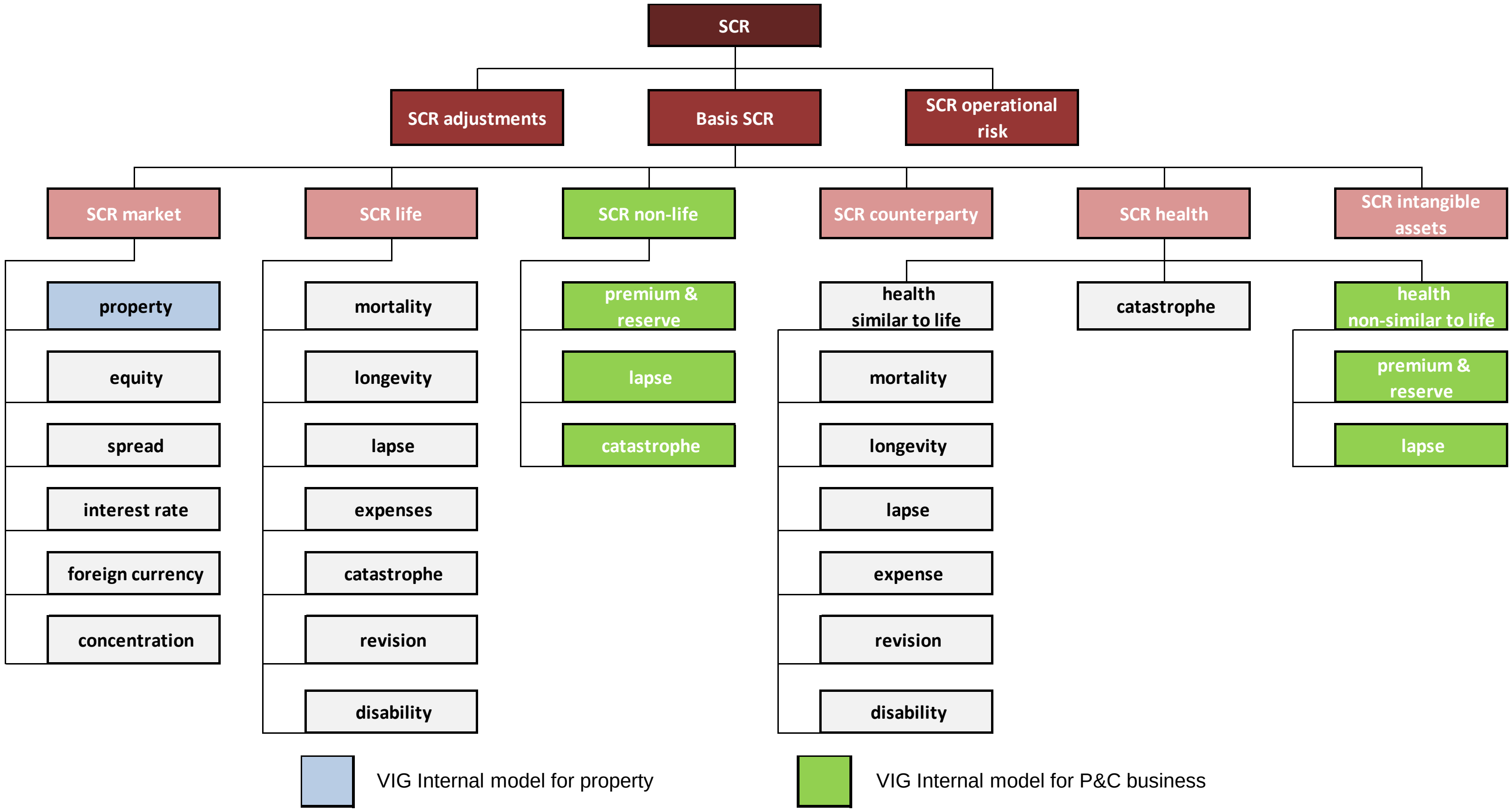
Regulatory Solvency

Solvency II ratio of main shareholder at 172%

- Group Solvency is to be reported on the level of the highest Group entity.
- In case of a main shareholder, Solvency II automatically sees the owner of the majority stake as highest Group entity. This means for VIG that regulatory Group solvency must be reported on the level of the mutual Wiener Städtische Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group.
- Own funds parts belonging to minority shareholders are eligible on group level only up to the respective proportional amount needed to cover the consolidated solvency capital requirement of the group, which implies a decreased solvency ratio on the level of the group in comparison to that of VIG AG
- Solvency II ratio of the main shareholder - despite deduction of minorities - of 172% was reported to the FMA, but has no impact on solvency situation of stock listed VIG.

Solvency Capital Requirement (SCR) Overview

Standard formula and Partial Internal Model



- Partial Internal Model of VIG approved by the Financial Market Authority (FMA) as of January 1, 2016

PIM of VIG for P&C business

Motivation and scope of «ariSE»

PIM includes the following P&C companies in 5 markets and covers – based on gross written premiums – more than 90% of the P&C business of VIG:

- AT (Wiener Städtische, Donau, VIG Holding)
- CZ (Kooperativa Prag, CPP, VIG Re)
- PL (Compensa Non-Life, InterRisk)
- SK (Kooperativa Bratislava, Komunalna)
- RO (Asirom, Omniasig)

PIM allows for more appropriate risk profile as

- in terms of premium and reserve risk the standard formula does not reflect regional/local risk specifics.
- to catastrophe risk some risks for individual countries are not considered at all (e.g. hail in CZ or PL).
- more complex reinsurance structures cannot be included in the standard model to reflect correct risk mitigation.

PIM of VIG for real estate

Scope and motivation for real estate PIM

PIM in real estate consists of three SCR parts:

- **Directly held real estate** (57%) **& Real estate holding companies** (35%)
- **Non-profit housing societies** (5%)
- **Real estate funds** (3%)

PIM covers the portfolio of the following Group companies and as such 80% of total real estate portfolio:

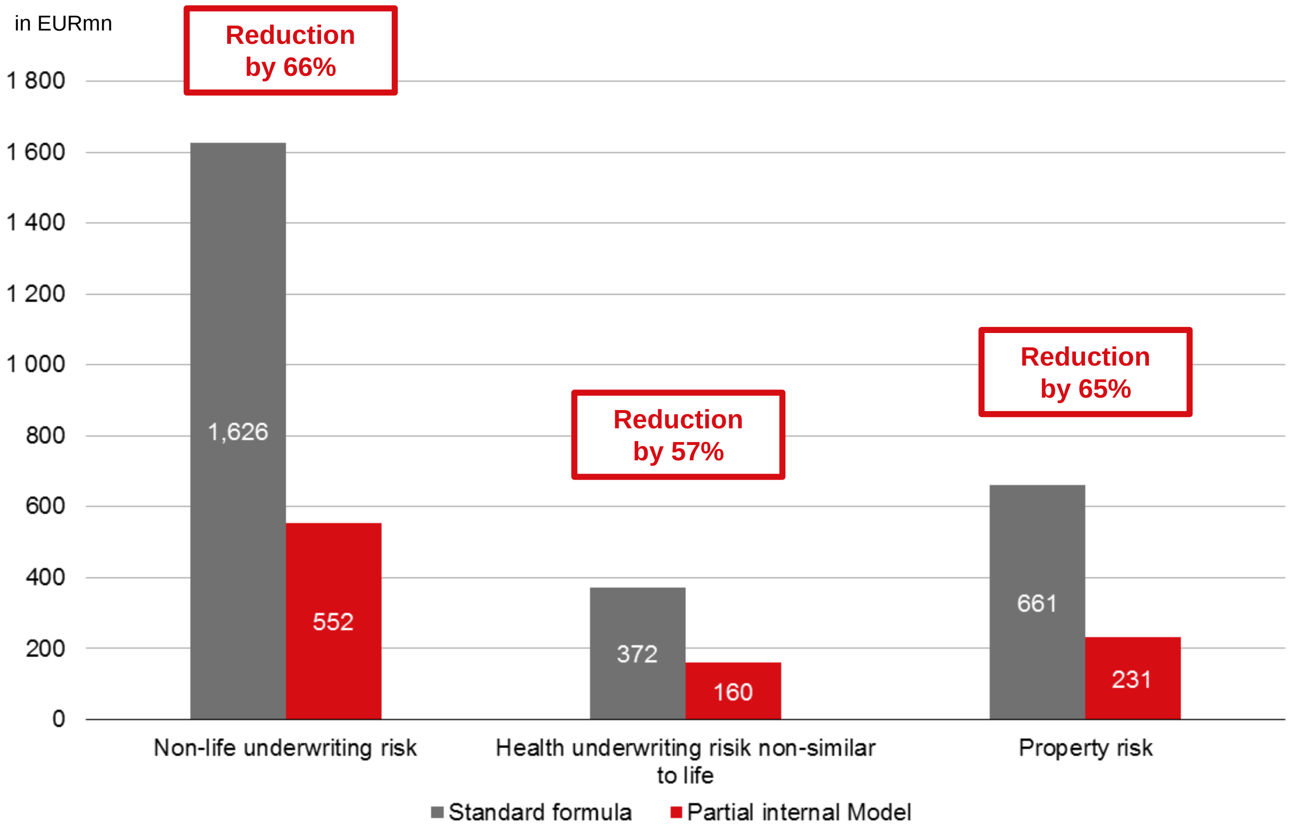
- **VIG Holding**
- **Wiener Städtische**
- **Donau**

PIM for real estate essential for adequate risk calibration as

- standard formula is based on UK index implying a too high volatility that is not appropriate for the Austrian real estate market.
- the portfolio in the standard model does not consider "housing".

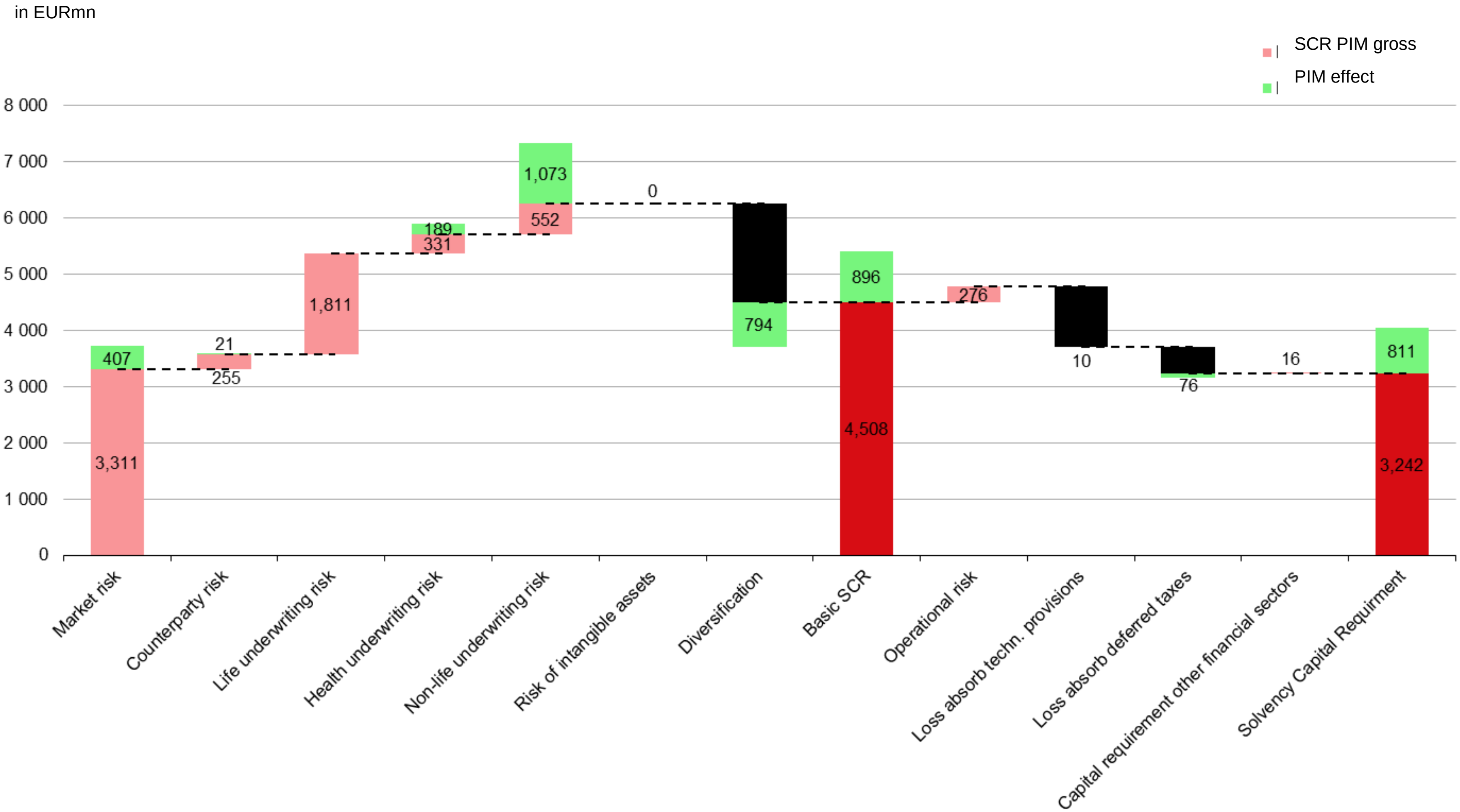
Positive impact of PIM on SCR

Comparison of standard formula and PIM



Solvency Capital Requirement (I)

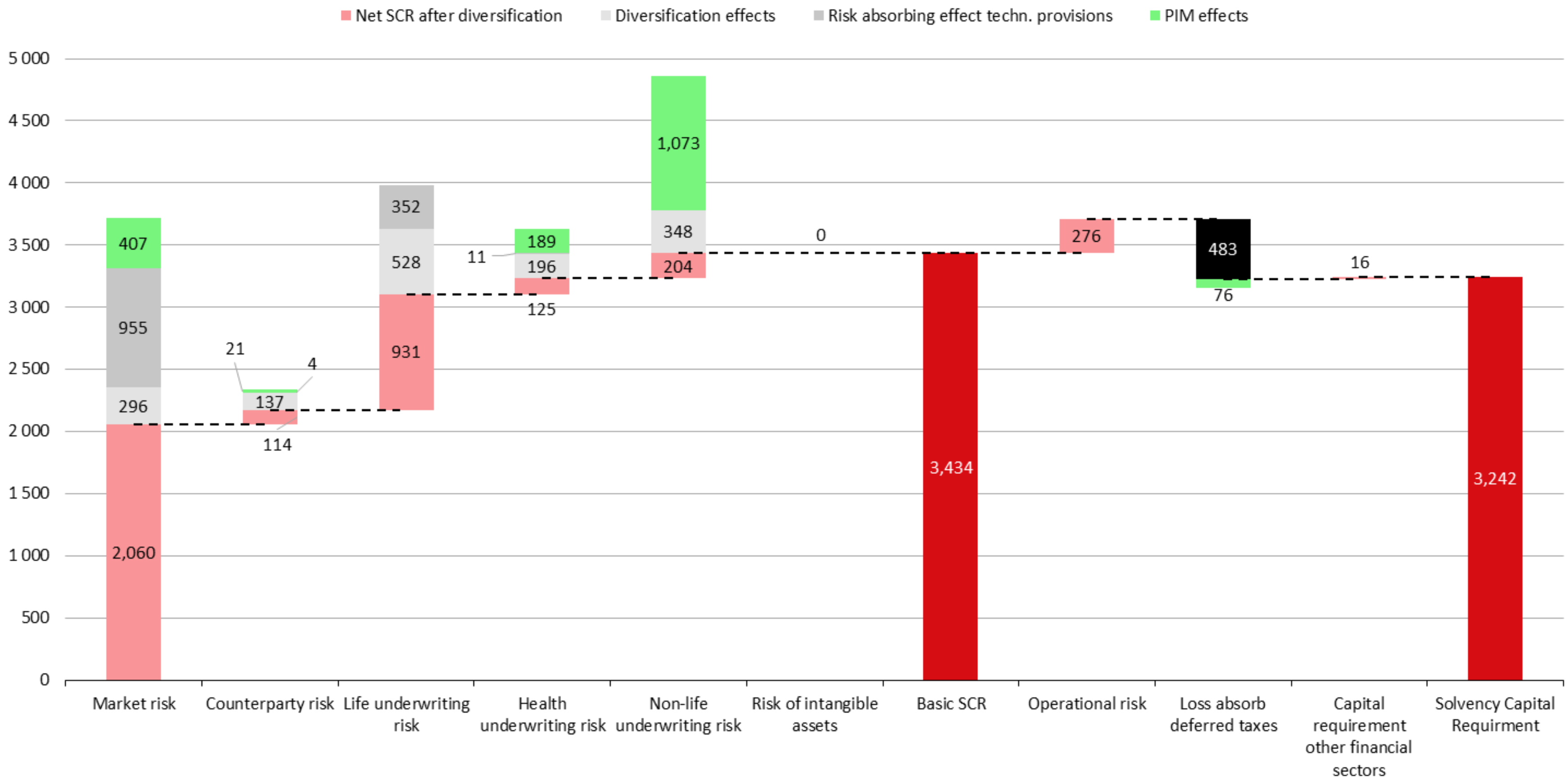
SCR as of 31 Dec. 2015 based on PIM



Solvency Capital Requirement (II)

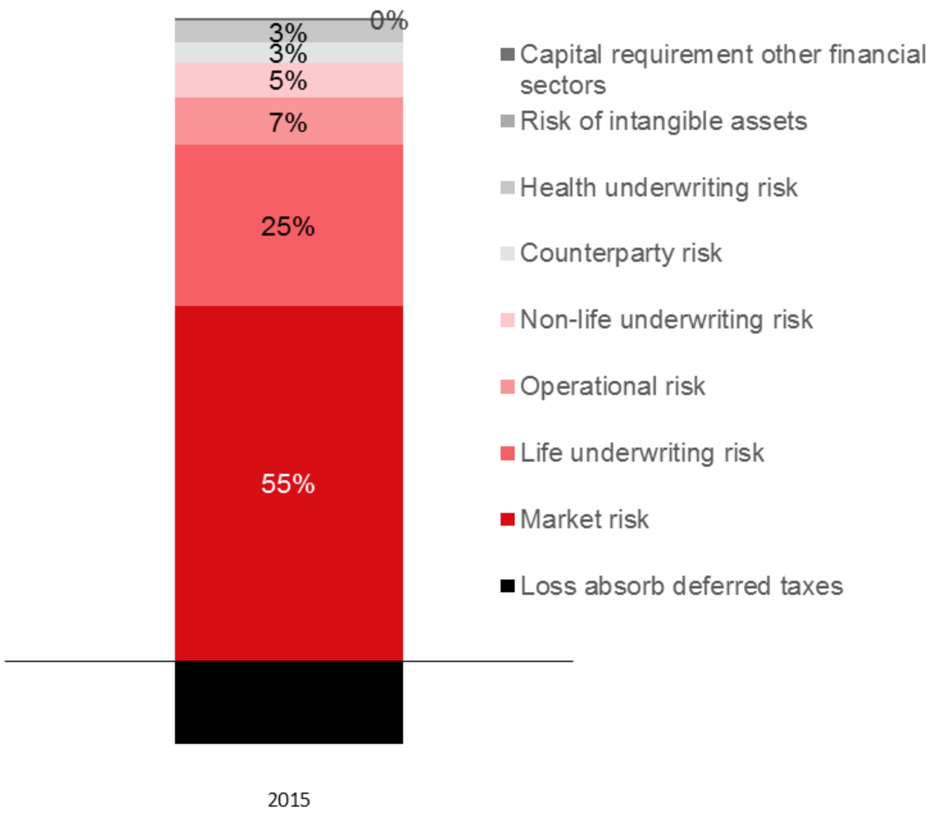
Risk mitigating effects

in EURmn



SCR risk category split

Data based on PIM



- Major risks:
  - Market risk accounts for more than 50% of total risk

    85% of total market risk derives from spread, interest rate and equity risk
  - Life underwriting risk contributes 25%

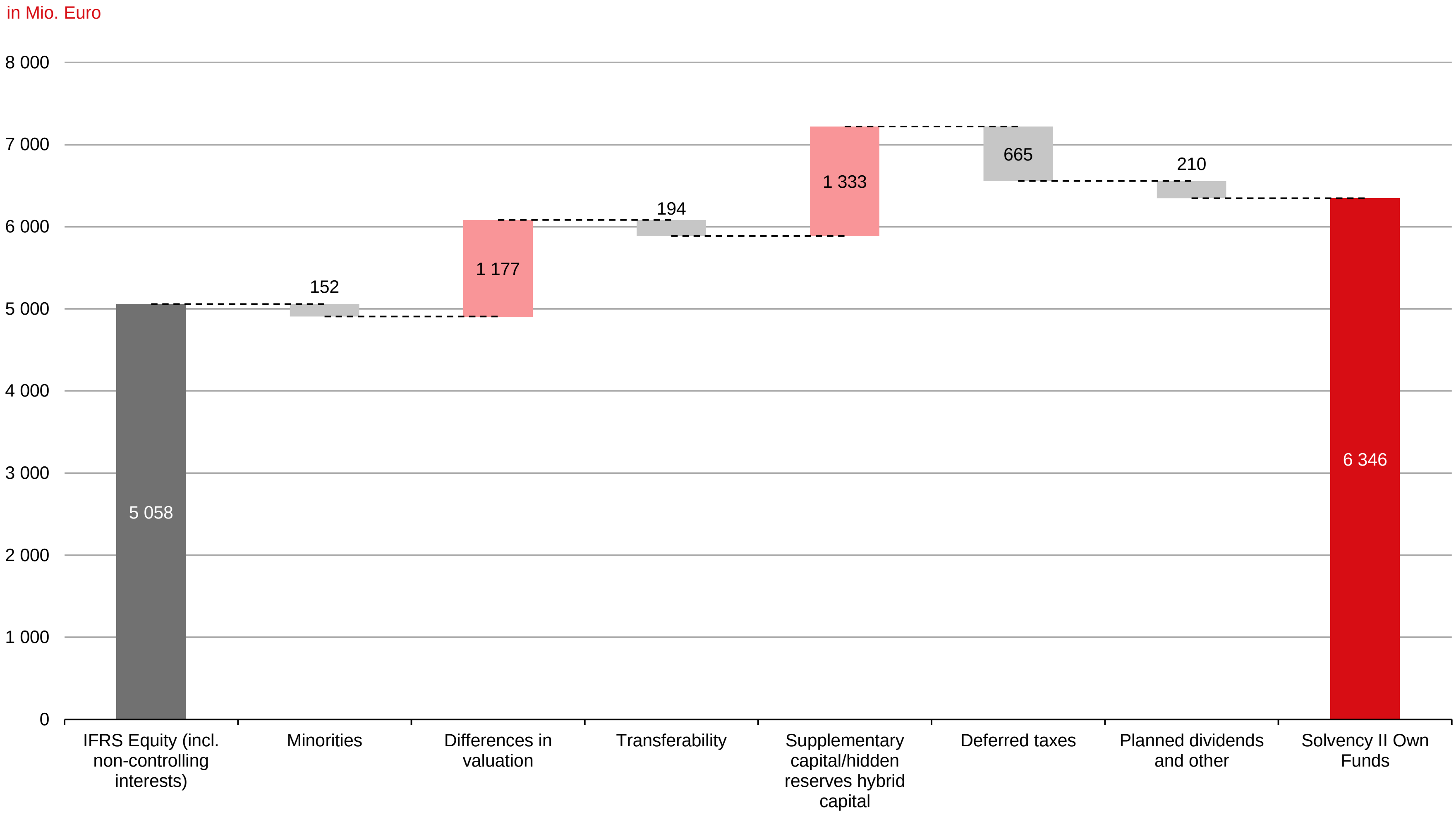
    Lapse risk with 68% of total life underwriting risk by far biggest driver in life

    Mortality and catastrophe risk with hardly any impact
  - Operational risk ranks third with 7%
- Non-life and health underwriting risk together with 8% of total risk rather small

Note: Portion calculated with Euler method based on net risks after diversification

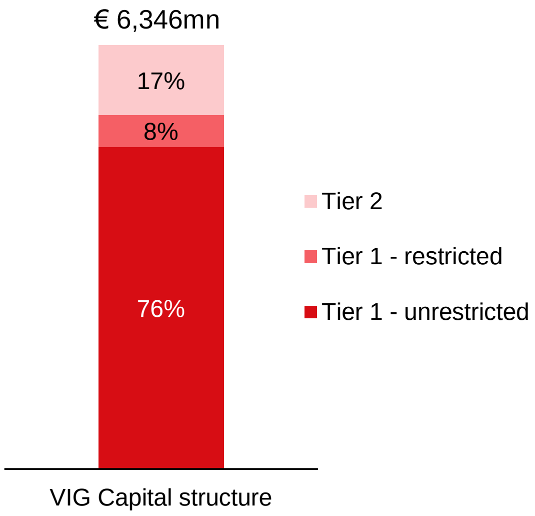
Overview Own Funds

Reconciliation of IFRS equity to Solvency II Own Funds as of 31 Dec. 2015



Composition of Eligible Own Funds

Capital structure as of 31 Dec. 2015



Tier 1 – unrestricted (>50% of SCR)

- EUR 4,819mn (76% of Own Funds)

Tier 1 – restricted (<20% of total Tier 1)

- EUR 479mn (8% of Own Funds)
- Capacity for additional Tier 1 of roughly EUR 580mn as of YE 2015

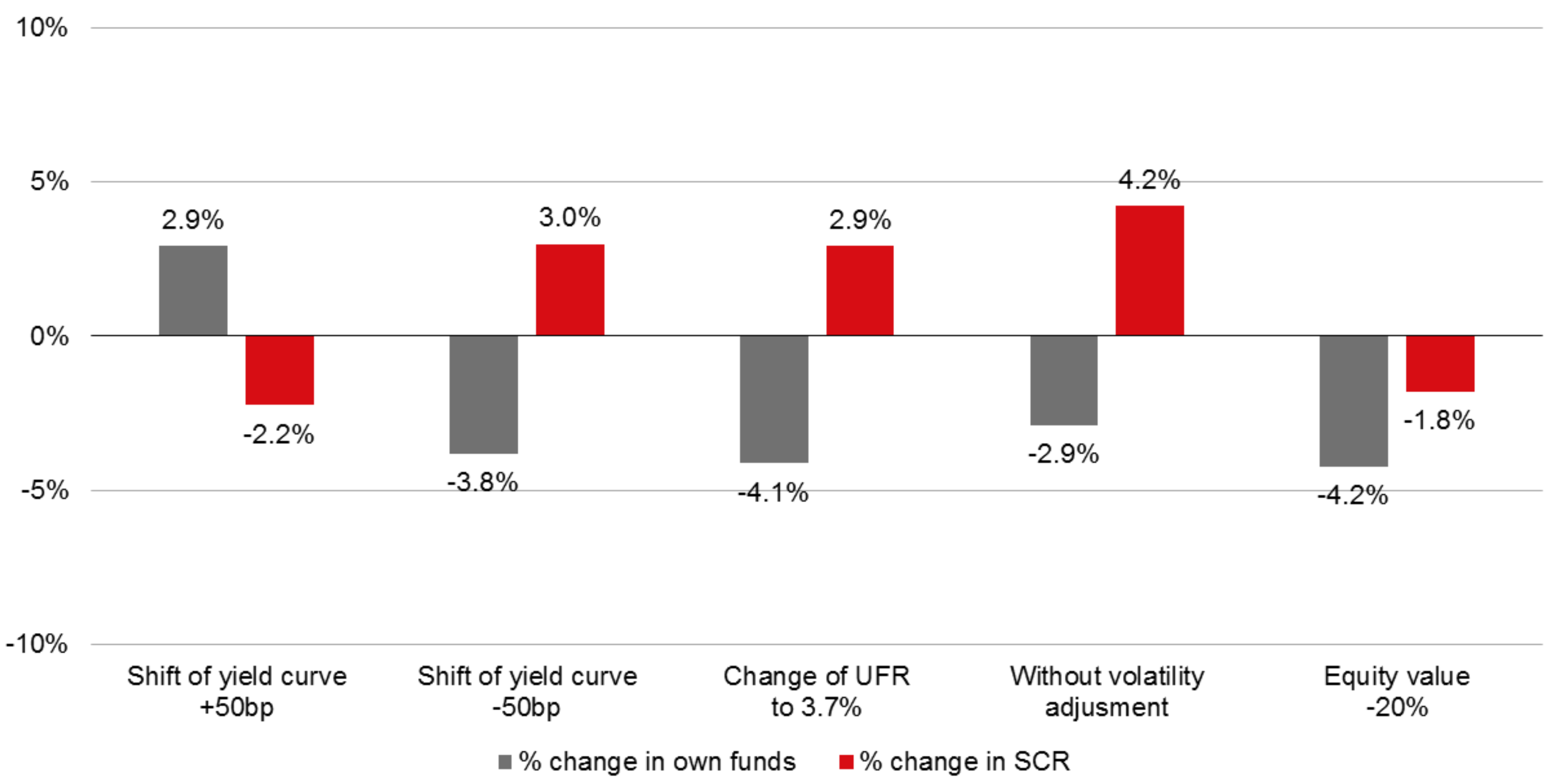
Tier 2 (<50% of SCR)

- EUR 1,048mn (17% of Own Funds)
- Capacity for additional Tier 2 of roughly EUR 573mn as of YE 2015

Grandfathered

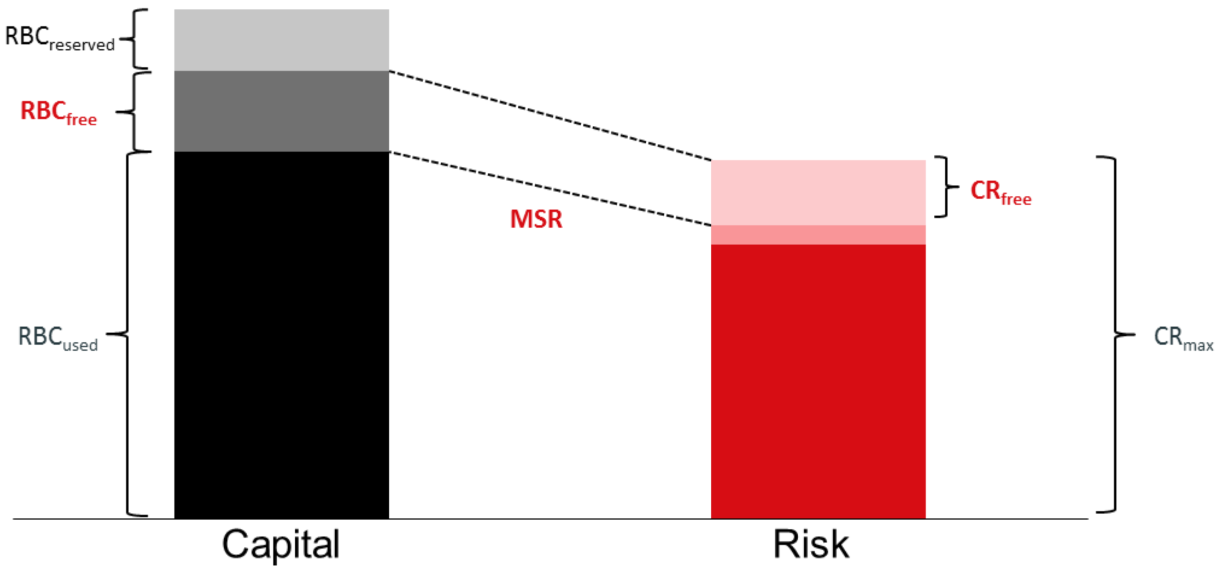
- Tier 1 restricted capital includes all bond issues without a term that are eligible under Solvency II at the latest until 2026
  - Consists of subordinated debt and hybrid bonds of total EUR 479mn (8% of Own Funds)
  - Repurchase option of hybrid debt of EUR 212mn as of 2018
- Tier 2 capital includes issues from 2005 that are eligible under Solvency II at the latest until 2026
  - Repurchase option of subordinated debt of currently EUR 135mn as of 2022

Sensitivity analysis for market risk categories



Monitoring of solvency situation during the period

Quarterly determination of risk situation for Group companies and VIG holding



- Monitoring of SCRs and Own Funds compared to determined yearly limits
- Monthly review of investment risks including development of investments and relevant market risks (interest rate, spread and equity risk)

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