UNIQA Versicherungen AG

Group Embedded Value 2012

Supplementary information on Group Embedded Value results for 2012

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1. Introduction

The Market Consistent Embedded Value (or “MCEV”) of UNIQA Versicherungen AG (“UNIQA Group” or “Group” or “UNIQA”) represents the shareholders’ economic value of the in-force Life & Health business as at 31 December 2012. Future new business is not included.
UNIQA’s methodology for the Life & Health MCEV is compliant with the CFO Forum’s Market Consistent Embedded Value Principles© [1] (“MCEV Principles”) published in June 2008 and amended in October 2009 and the corresponding Guidance. In particular, it:

- provides for the cost of all significant financial options and guarantees (FOG) for the main Life businesses,
- includes a charge for frictional cost of required capital (FCRC) and
- allows for the cost of residual non-hedgeable risk (CRNHR) for the main Life & Health businesses.

UNIQA Versicherungen AG last disclosed information on the Group Embedded Value (GEV) for the business year 2011 in May 2012.
The GEV includes the MCEV of the covered businesses (as defined below), and the Group’s Property and Casualty companies, the Life & Health Insurance companies excluded from the covered business and other subsidiaries on the basis of their adjusted IFRS equity.
The results are shown separately for the regions Austria, Italy and Central and Eastern Europe (CEE). The restatement of the 2011 GEV results allows for changes to the methodology.
The following table shows the covered businesses for which a MCEV has been calculated:

Region	Country	Company	Segment
	Austria	UNIQA Versicherungen AG	Group
‚Austria‘	Austria	UNIQA Österreich Versicherungen AG	Life
	Austria	UNIQA Österreich Versicherungen AG	Health
	Austria	Raiffeisen Versicherung AG	Life
	Austria	FINANCE LIFE Lebensversicherung AG	Life
‚Italy‘	Italy	UNIQA Previdenza S.p.A.	Life
	Italy	UNIQA Assicurazioni S.p.A.	Health
	Italy	UNIQA Life S.p.A.	Life
‚CEE‘	Slovakia	UNIQA poistovna a.s.	Life
	Czech Republic	UNIQA poijstovna a.s.	Life
	Hungary	UNIQA Bistosito Zrt.	Life
	Poland	UNIQA TU na Zycie S.A.	Life

Table 1: Covered businesses

In October 2012, the UNIQA Group streamlined its structure in order to simplify the management of the Group and make it more transparent to external stakeholders. UNIQA Personenversicherung AG, UNIQA Sachversicherung AG and CALL DIRECT Versicherung AG were merged to create UNIQA Österreich Versicherungen AG. The new company is wholly owned by the listed holding company UNIQA Versicherungen AG. The Life and Health segments of UNIQA Österreich Versicherungen AG were shown in Table 1 as UNIQA Personenversicherung AG in 2011.

B&W Deloitte GmbH, Cologne has been retained to review the GEV calculations. The scope and the results of its independent review are set out in section 6.

The GEV disclosure should not be viewed as a substitute for UNIQA Group’s primary financial statements.

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2. Summary of 2012 results

The GEV can be broken down in the adjusted net asset value (ANAV) and the value of business in-force (VIF). Only the ANAV has been included in respect of the Property and Casualty (P&C) businesses and the Life & Health businesses excluded from the scope of the MCEV calculations.

The ANAV for the covered business is divided between:

- Required capital (RC)
- Free surplus (FS)

The VIF is only calculated for covered business and is determined as:

- Present value of future profits (PVFP) minus
- Time value of financial options and guarantees minus
- Frictional cost of required capital minus
- Cost of residual non-hedgeable risk

All the values shown in this disclosure are after tax and exclude minority interests in the Group's subsidiaries unless otherwise stated.

2.1 Group Embedded Value

UNIQA's GEV 2012 was positively affected by a strong operating performance reflecting improved mortality and claims development in the Austrian Life & Health business. The initial positive effects of the new life strategy implemented as a part of the strategic UNIQA 2.0 programme led to a reduction of the cost of options and guarantees in spite of the lower interest rates compared to 2011. The capital increase in 2012 increased the GEV by EUR 524mn.

The following tables show the GEV results for the year ending December 31, 2012 and the restated GEV results for the year ending December 31, 2011. Table 2 contains the results before minority interests, whereas the results after minority interests are shown in Table 3.

Group Embedded Value before minorities, in EUR millions	Life & Health[2]		Property & Casualty[3]		Total		Change over period
	2012	2011	2012	2011	2012	2011	
Free surplus	359	194					
Required capital	516	510					
Adjusted Net Asset Value[4]	876	704	839	441	1,714	1,145	50%
Present value of future profits	1,758	1,599	n/a	n/a	1,758	1,599	10%
Cost of options and guarantees	-386	-479	n/a	n/a	-386	-479	-19%
Frictional Cost of required capital	-82	-95	n/a	n/a	-82	-95	-14%
Cost of residual non-hedgeable risk	-107	-107	n/a	n/a	-107	-107	0%
Value of business in-force	1,183	918	n/a	n/a	1,183	918	29%
GEV / MCEV	2,059	1,622	839	441	2,898	2,063	40%

Table 2: GEV before minorities

[2] The MCEV has not been calculated for all the Life & Health businesses in the Group. The adjusted IFRS equity for the Life & Health businesses excluded from the scope of the MCEV calculations is shown under the column Property & Casualty.

[3] Includes the adjusted IFRS equity for the Life & Health businesses excluded from the scope of the MCEV calculations (less than 1% of the Austrian – and 14% of the Italian and CEE – Life & Health businesses based on earned premium for 2012).

[4] The increase in the restated 2011 ANAV relative to the previously published 2011 ANAV reflects changes to the methodology for consolidating the asset valuation differences between IFRS and statutory GAAP.

The “Austria and Collegialität trusts” are significant shareholders of the Group. In 2012 they exchanged their 36.6% direct shareholding in the Group´s main operating company UNIQA Personenversicherung AG for shares in the Group and this led to a reduction in the minority interests in the Group’s subsidiaries. Additionally the Group acquired all the European Bank for Reconstruction and Development’s (EBRD) interests in the subsidiaries in CEE (20% in UNIQA Croatia, 15% in UNIQA Hungary, and 30% in each of the two UNIQA companies in Poland).

The GEV results after minority interests are shown in the following table. As at December 31, 2012 the minority interests in the GEV are less than EUR 23mn.

Group Embedded Value after minorities, in EUR millions	Life & Health		Property & Casualty		Total		Change over period
	2012	2011	2012	2011	2012	2011	
Free surplus	358	184					
Required capital	514	411					
Adjusted Net Asset Value	872	596	820	365	1,692	961	76%
Present value of future profits	1,757	1,134	n/a	n/a	1,757	1,134	55%
Cost of options and guarantees	-385	-398	n/a	n/a	-385	-398	-3%
Frictional Cost of required capital	-82	-76	n/a	n/a	-82	-76	8%
Cost of residual non-hedgeable risk	-107	-77	n/a	n/a	-107	-77	38%
Value of business in-force	1,184	583	n/a	n/a	1,184	583	103%
GEV / MCEV	2,056	1,179	820	365	2,876	1,545	86%

Table 3: GEV after minorities

The GEV as at December 31, 2011 has been restated. Details are provided in section 2.4.

Required Capital and Free Surplus for the Life & Health Business developed in line with the development of the underlying businesses. The RC allows for the target rating (A+) for rated entities and is shown net of policyholder funds and subordinated debt.

Operating MCEV earnings had a positive effect on the GEV, but this was partly offset by negative economic variance due to lower interest rates and lower liquidity premiums. Details can be seen in section 2.4. The VIF increased to EUR 1,183mn and the overall GEV to EUR 2,898mn before minorities.

2.2 Return on GEV

The following table shows the return on GEV after minorities, calculated on the opening restated and adjusted GEV.

Return on embedded value - ‚Group' after minorities in EUR millions	2012	2011 *)
GEV as at 31 December previous year, reported	1,467	2,168
GEV as at 31 December previous year, restated	1,545	2,159
Opening Adjustments	-8	-197
GEV as at 31 December previous year, restated and adjusted	1,536	1,962
Return on GEV	253	-494
as a %	16.5%	-25.2%
GEV as at 31 December, before closing adjustments	1,789	1,467
Closing Adjustments	1,086	0
GEV as at 31 December	2,876	1,467

*) restated

Table 4: Return on embedded value

The opening adjustments in the restated and adjusted figures in the table above remove the dividends paid in the reporting year as well as allowing for the foreign exchange variances and divested business for the purposes of calculating the return on GEV.

The closing adjustments allows for the capital increase, the exchange of the "Austria and Collegialität trusts" direct shareholding in UNIQA Personenversicherung AG for shares in the Group and acquired EBRD minority interests for the purposes of calculating the return on GEV.

2.3 New business value

The new business value (NBV) is calculated as the VIF for the new business sold in 2012 minus the new business strain, FOG, FCRC and CRNHR. The Life & Health companies in Austria do not defer acquisition costs in the local statutory accounts. Therefore the new business strain for the Austrian business also includes the acquisition expenses.

The NBV in 2012 has been calculated for the covered business in 2012. The new business value for 2011 has been restated to be consistent with the scope and methodology used for 2012.

New business value in EUR millions	before minorities			after minorities		
	2012	2011 *)	change in 2012	2012	2011 *)	change in 2012
New business value	41	41	-0.9%	40	33	20.0%
Annual premium equivalent (APE)	244	265		240	228	
New business margin (as % APE)	16.6%	15.5%		16.7%	14.6%	
Present value of new business premiums (PVNBP)	2,636	2,587		2,602	2,193	
New business margin (% of PVNBP)	1.5%	1.6%		1.5%	1.5%	

*) restated results for 2011

Table 5: New business value

The change in new business volume and new business margins (before minorities) are analysed in the table below.

Analysis of change New Business - ‚Group' before minorities, in EUR millions	Value of New Business	Present Value of NB Premiums	New Business Margin
Opening VNB as at 31 December 2011, reported	46	2,534	1.8%
Modelling Changes	-5	53	-0.2%
Opening VNB as at 31 December 2011, restated	41	2,587	1.6%
Foreign Exchange Variances	1	19	0.0%
Change in Scope	-1	-152	0.1%
Adjusted Opening VNB as at 31 December 2011	41	2,454	1.7%
Business Volume Change	0	-18	0.0%
Business Mix Change	-8	0	-0.3%
Assumption Changes	8	200	0.2%
Closing VNB as at 31 December 2012	41	2,636	1.5%

Table 6: Analysis of change for new business

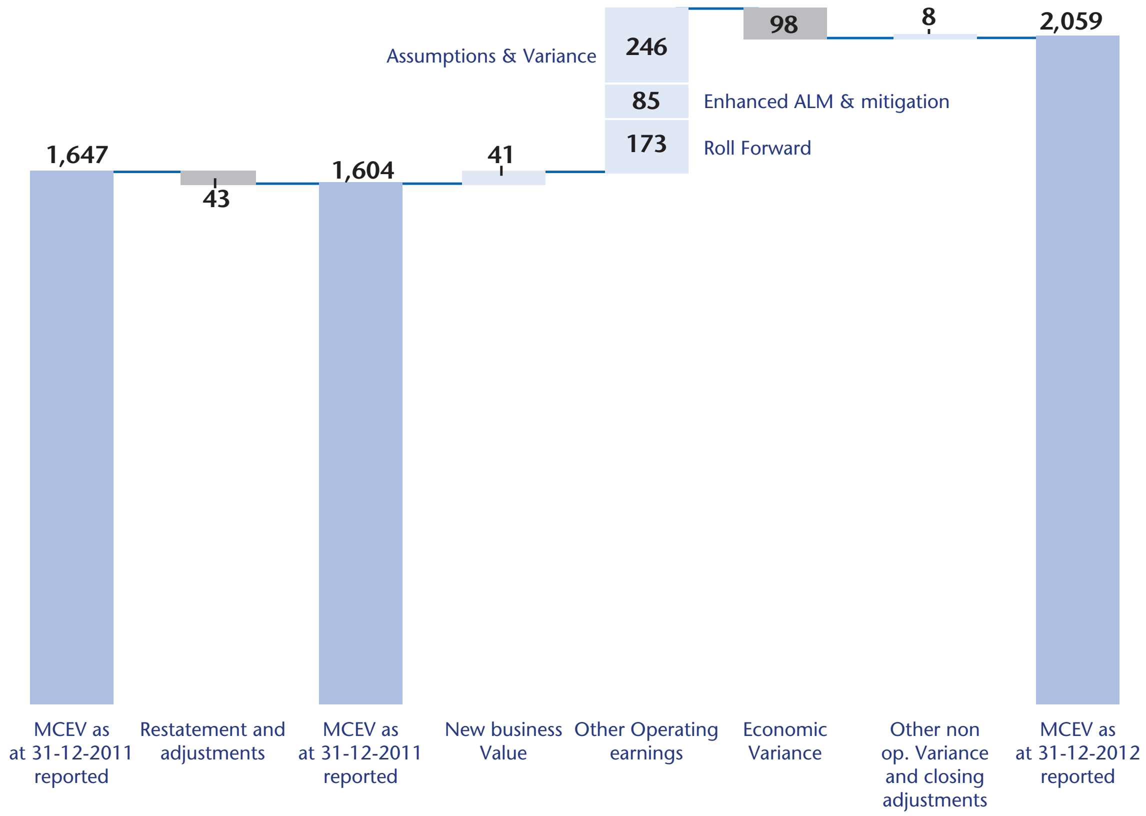
There was a decrease in new business APE compared to 2011. However, the PVNBP increased to EUR 2,636mn due to assumptions changes (mainly discounting effects). The New Business Margin, as a percentage of PVNBP, fell slightly to 1.5% (before minorities). The business volumes and margins by region are shown in section 3.

The main drivers of change in New Business Value are due to the Business Mix Change, which caused a decrease of EUR 8mn and the Assumption Changes, which increased the value by EUR 8mn.

The NBV 2011 was restated, reflecting model changes, which decreased new business margins from 1.8% to 1.6%. This negative effect was mainly driven by the impact of the change of economic scenario generator on the life business of UNIQA Austria, where the calibration to observed market data is made at a more granular level.

2.4 Analysis of change

The following chart shows the analysis of change for the covered Life & Health businesses before minority interests. This is followed by a table showing the detailed analysis of change.



Analysis of change before minorities, in EUR millions	Free Surplus	Required Capital	VIF	MCEV
Opening MCEV as at 31 December 2011, reported	194	509	944	1,647
Opening MCEV as at 31 December 2011, restated	194	510	918	1,622
Capital and Dividend Flows	1	0	0	1
Foreign Exchange Variances	0	1	4	6
Acquired/Divested Businesses	-4	-7	-14	-25
Opening adjustments	-2	-6	-10	-18
Adjusted Opening MCEV as at 31 December 2011	192	504	907	1,604
New business value	-73	29	85	41
Expected existing business contribution *(reference rate)*	11	0	114	126
Expected existing business contribution *(in excess of ref. rate)*	3	0	44	47
Transfer from VIF and required capital to free surplus	82	-16	-66	0
Experience variances	47	1	-25	23
Assumption changes	-2	1	226	226
Other operating variance	3	0	82	85
Operating MCEV earnings	71	15	460	545
Economic variances	89	-3	-184	-98
Other non operating variance	0	0	0	0
Total MCEV earnings	160	12	276	448
Closing Adjustments	8	0	0	8
Closing MCEV as at 31 December 2012	359	516	1,183	2,059

Table 7: Analysis of change (Life & Health business)

Key elements of the restatement and initial adjustments:

- During 2012 the Group made significant modeling enhancements for the Austrian life insurance businesses. Additionally, the Group upgraded the economic scenario model and applied a more granular approach for the calibration to market data. Overall this lead to a decrease in MCEV of EUR 25mn.
- The change of the economic scenario model caused a decrease of EUR 12mn for the Italian life business.
- The Acquired/Divested Business reflects the impact on the Life & Health businesses of the sale of Mannheimer Krankenversicherung AG.

Key elements of the operating MCEV earnings:

- The **NBV** as at point of sale written in the year 2012 is EUR 41mn. The negative impact on free surplus is due to the non-deferral of acquisition expenses.
- The **expected existing business contribution on the basis of the reference rates** is EUR 126mn. This reflects the unwinding at the reference rate for the VIF and the return on the ANAV at the reference rate after tax. This step also includes the release of the FOG for the first year of the projection.
- The impact of the **expected existing business contribution in excess of reference rates** is EUR 47mn. This step shows the impact of management's expectation of the additional investment earnings in 2012 above the reference rates.
- **Transfer from VIF and required capital to free surplus** reduces the VIF by EUR 66mn, the expected net profit projected for 2012 from the existing business in-force. RC decreased as the impact of increases in reserves is lower than the capital released for maturing policies. In total there is no effect on the MCEV as the change in VIF and RC is transferred to the FS.
- **The experience variance** for the year is EUR 23mn. In this step the deviations from expected to actual operating assumptions (e.g. lapse assumptions) are measured. Details are included in section 3 in the regional analysis.
- **Assumption changes** have a positive impact (EUR 226mn) on the operating earnings. This item covers all operating assumption changes. The major assumption change reflects the positive development of mortality and claims results in the Austrian Life & Health business.
- **Other operating variance** covers all operating changes not covered in the other items and is in total EUR 85mn. The main contribution is due to the initial benefits of the strategic programme UNIQA 2.0, in particular enhancements to the ALM process. Further improvements are expected during the next phase of UNIQA 2.0, especially in the management of the in-force portfolio.

Key elements of the non-operating MCEV earnings:

- The **economic variance** covers impacts arising from the development of the financial markets. The main impacts in 2012 are due to the reduction in interest rates, reduced credit spreads and lower implied volatilities. The lower interest rates and liquidity premium decreased the MCEV. This decrease was dampened by higher unrealized capital gains and lower interest rate volatilities.
- The **Other non operating variance** measures the impacts arising from local regulatory changes and had no impact in 2012.

The **closing adjustments** were EUR 8mn. These were net capital and dividend flows within the Group.

2.5 VIF Maturity Profile

The table below shows the emergence of VIF, split in 5-year-buckets, for the first 35 years of the projection. The VIF is after allowance for time value of financial options and guarantees, frictional cost of required capital and cost of residual non-hedgeable risks.

VIF Maturity Profile - ‚Group' before minorities, in EUR millions	Free Cashflows	in %
year 1-5	208	18%
year 6-10	226	19%
year 11-15	201	17%
year 16-20	119	10%
year 21-25	108	9%
year 26-30	109	9%
year 31-35	68	6%
later than 35 years	144	12%
Total VIF	1,183	100.0%

Table 8: VIF Maturity profile

The table shows that 18% of VIF emerge in the first 5 years of projection and 37% of VIF in the first 10 years.

The VIF after 35 years mainly result from the long term Austrian business, in particular the health business.

2.6 Sensitivities

The assumptions used for the MCEV calculations are based on best estimates. Sensitivity analyses are therefore an important part of the supplementary information. The analyses assume the same management actions and policyholder behaviour as for the base case MCEV calculation. As sensitivities are generally correlated it is likely that the sum of two sensitivities will not be the same as if both events occur simultaneously.

The following table shows the sensitivity, split by economic, non-economic and additional factors, of the MCEV and NBV (Life & Health) as at December 31, 2012 to changing various assumptions.

Sensitivities before minorities, in EUR millions	Change in embedded value		Change in new business value	
Base value	2,059	100%	41	100%
EV change by economic factors				
Risk free yield curve -100bp	-373	-18%	-25	-62%
Risk free yield curve +100bp	291	14%	15	37%
Equity and property market values -10%	-165	-8%	0	0%
Equity and property implied volatilities +25%	-10	-1%	0	0%
Swaption implied volatilities +25%	-117	-6%	-12	-29%
EV change by non-economic factors				
Maintenance expenses -10%	67	3%	6	15%
Lapse rates -10%	28	1%	4	9%
Mortality for assurances -5%	28	1%	3	8%
Mortality for annuities -5%	-6	0%	0	-1%
Required Capital equal to local solvency capital	15	1%	1	1%
Additional sensitivity				
no Liquidity Premium	-200	-10%	-8	-21%

Table 9: Sensitivities for the MCEV and NBV

Economic sensitivities:

- **Increase / Decrease of 100bps to risk free yield curve**
  This sensitivity shows the impact of a sudden parallel shift in reference rates, accompanied by all consequent movements of other economic assumptions. The parallel shift is applied only up until the last liquid point (LLP). From this point the extrapolation is made to the Ultimate Forward Rate (UFR), which remains unchanged in the sensitivity.
  The asymmetric effect of a parallel shift in both directions is caused by traditional life business, which is the major part of the covered business. For traditional business the surpluses are shared with policyholders but losses are borne fully by the shareholder due to the existence of guarantees.
  Despite the lower interest rate environment compared to 2011, the decrease of 100bps to the risk free yield curve reduces the MCEV by EUR -373mn or -18% (-45% in 2011). The improvement in this sensitivity is due to changes in company policy to better allow for mitigation effects as well as the first steps in the Group's enhancement of the ALM process.
- **Decrease of 10% in equity and property market values (at the valuation date)**
  The MCEV decreases by EUR 165mn or -8%. There is no effect on NBV.
- **25% increase in equity and property implied volatilities**
  The 25% increase is a multiplicative increase in the assumed volatilities and measures the impact on the FOG. The change in FOG is an increase of EUR 10mn or 3%. In total this sensitivity is not significant (-0.5% of MCEV).
- **25% increase in swaption implied volatilities**
  The 25% increase is a multiplicative increase in the assumed volatilities and measures the impact on the FOG. The change in FOG is an increase of EUR 117mn or 30% (in total this reduces the MCEV by 6%).

Non-economic sensitivities:

- **10% decrease in maintenance expenses**
  The impact of a 10% decrease in the projected expenses is an increase in MCEV by EUR 67mn or 3%. This is relatively low as the increase of future profits also increases future bonus rates for policyholders. For a 10% increase in maintenance expenses the effect is not symmetric, mainly due to the premium adjustments for the Austrian health business.
- **10% decrease in lapse rates**
  The impact of a 10% proportionate decrease in the lapse rates is an increase in MCEV of EUR 28mn or 1%.
- **Decrease in mortality and morbidity rates for life assurance by 5%**
  The impact of a 5% decrease in mortality rates for products with mortality risk leads to an increase of EUR 28mn or 1%.
- **Decrease in mortality and morbidity rates annuity business by 5%**
  The impact of a 5% decrease in mortality rates for products with longevity risk leads to a decrease of EUR 6mn or -0.3%.
- **Required capital set equal to local solvency capital requirement**
  This sensitivity is driven by the Austrian business as only UNIQA Österreich Versicherungen AG has RC higher than 100% of statutory solvency requirement. On the ANAV it is just a shift from RC to FS but on the VIF there is an increase due to lower FCRC because of reduced RC.

Additional sensitivities:

- As UNIQA used a liquidity premium in determining the reference rates as at December 31, 2012, an additional sensitivity is disclosed to show the impact of removing the liquidity premium.

2.7 Implied discount rate and internal rate of return

The Implied Discount Rate (IDR) is the risk discount rate under a Traditional Embedded Value approach that reproduces the VIF determined using stochastic techniques from a deterministic projection of statutory distributable earnings (profit less movement in required capital) in an illustrative management case scenario.

The Internal Rate of Return (IRR) is the risk discount rate which gives a zero value of new business under a Traditional Embedded Value approach.

Real world assumptions have been used in the calculations of the IDR and IRR. These have been derived from an internal assessment of risk premiums, measured as the expected excess return over 10-year risk free rates. The risk premiums for equities and property were 6.7% and 2.0%, respectively.

Implied discount rate and internal rate of return before minorities, in %	Total
Implied Discount Rate (in force business)	7.14%
Internal Rate of Return (new business)	10.17%

Table 10: Implied discount rate and internal rate of return

2.8 Reconciliation of IFRS equity to the Adjusted Net Asset Value

The Implied Discount Rate (IDR) is the risk discount rate under a Traditional Embedded Value approach that reproduces the VIF determined using stochastic techniques from a deterministic projection of statutory distributable earnings (profit less movement in required capital) in an illustrative management case scenario.

Reconciliation IFRS equity to ANAV in EUR millions	**2012**	**2011**
Consolidated IFRS equity	2,017.6	1,095.6
Goodwill and value of business in force for MCEV companies	-167.3	-180.3
Differences in valuation of assets and liabilities	-136.0	136.1
Adjusted net asset value before minority interest	1,714.3	1,051.4
Minority interests	-22.3	-184.0
Adjusted net asset value after minority interest	1,692.0	867.4

Table 11: Reconciliation of IFRS equity

The consolidated IFRS equity is shown before minority interests. Goodwill and value of business in-force (VBI) are deducted in respect of the covered business.

There are a number of differences in the valuation of assets and liabilities between the local statutory accounts that are used to determine the VIF and the IFRS accounts. These are summarized in the line “differences in valuations of assets and liabilities”. This item includes the unrealized gains or losses on assets that are not shown at market value in the consolidated IFRS balance sheet. This relates to unrealized gains or losses property and loans. Further differences are due to equity holdings for which the market value - as disclosed in the statutory annual reports of the Group’s subsidiaries - differs from the IFRS balance sheet values, after adjusting for deferred tax.

The minority interests have to be deducted to arrive at the ANAV after minority interests.

3. Regional Analysis of Embedded Value

3.1 Overview

The following table shows the MCEV for the Life & Health business split by regions before minority interests. More detailed analysis for each region can be found in the following sections (3.2 to 3.4).

The regions are defined as follows:

- **Austria**

  The business in this region includes the life & health business of UNIQA Österreich Versicherungen AG, the life business of Raiffeisen Versicherung AG and FinanceLife Lebensversicherung AG. In 2011, the health business of Mannheimer Krankenversicherung AG was also included in this region.
- **Italy**

  The Italian business includes the life business of UNIQA Previdenza, the life business of UNIQA Life and the health business of UNIQA Assicurazioni.
- **Central Eastern Europe (CEE)**

  The CEE region contains the life companies in the Czech Republic, Hungary, Poland and Slovakia.

Life companies not mentioned above and the non-life companies are included in the GEV on the basis of their adjusted IFRS equity.

Embedded Value 2012 by region before minorities, in EUR millions	2012				2011 *)			
	Austria	Italy	CEE	Total	Austria & Germany	Italy	CEE	Total
Free surplus	296	34	29	359	163	14	17	194
Required capital	426	58	32	516	430	52	28	510
Adjusted Net Asset Value	722	92	61	876	593	66	45	704
Present value of future profits	1,584	38	136	1,758	1,466	18	115	1,599
Cost of options and guarantees	-336	-47	-4	-386	-421	-53	-5	-479
Frictional Cost of required capital	-76	-4	-1	-82	-89	-5	-2	-95
Cost of residual non-hedgeable risk	-98	-3	-5	-107	-98	-4	-5	-107
Value of business in-force	1,075	-17	125	1,183	858	-44	104	918
Life & Health MCEV	1,797	76	186	2,059	1,450	23	149	1,622
as a % of total Life & Health MCEV	87.3%	3.7%	9.0%	100.0%	89.4%	1.4%	9.2%	100.0%

*) restated results for 2011

Table 12: Market Consistent Embedded Value by region

The Austrian and Italian life business show lower costs of options and guarantees as a result of higher unrealised capital gains and lower interest rate volatility. For the Austrian life business, the improved risk mitigation implemented within the framework of the UNIQA 2.0 programme had a positive impact. A positive development in mortality and claims experience led to more favourable projection assumptions which significantly improved the present value of future profits, particularly for the Austrian health business. In total the PVFP increased to EUR 1,758mn (2011 restated: EUR 1,599mn). The total Life & Health MCEV increased to EUR 2,059mn or +27%.

The following table shows the NBV 2012 and 2011 restated for the Life & Health business split by regions before minority interests.

New business value by region before minorities, in EUR millions	Austria	Italy	CEE	Total
Value of new business 2012	10	7	24	41
Annual premium equivalent (APE)	126	62	56	244
New business margin (as % APE)	8.0%	10.5%	42.8%	16.6%
Present value of new business premiums (PVNBP)	1,780	523	333	2,636
New business margin (% of PVNBP)	0.6%	1.3%	7.2%	1.5%
Value of new business 2011 (restated)	18	-1	24	41
Annual premium equivalent (APE)	158	56	51	265
New business margin (as % APE)	11.6%	-1.9%	46.6%	15.5%
Present value of new business premiums (PVNBP)	1,801	448	338	2,587
New business margin (% of PVNBP)	1.0%	-0.2%	7.0%	1.6%

Table 13: New business value by region

Overall there was a decrease in new business volumes in terms of Annual Premium Equivalent, driven by the negative development for the region Austria. The PVNBP increased because of changes in the assumption (mainly due to discounting effects related to changed reference rates).The overall new business margin decreased to 1.5%.

In Austria, the decrease in New Business margin from 1.0% to 0.6% is mainly driven by an unfavourable change in the business mix.

In the Italian life business both the term insurance and the traditional life business improved the new business value compared to 2011. Especially lower guaranteed rates led to an improvement of the value of options and guarantees. The new business value for the region CEE remained stable compared to 2011.

At December 31, 2012 the implied discount rate (IDR) and the internal rate of return (IRR) were calculated for the first time. These indicators are calculated from cash flows based on real world assumptions.

Implied Discount Rate and Internal Rate of Return before minorities, in %	Austria	Italy	CEE	Total
Implied Discount Rate (in force business)	6.90%	20.15%	5.71%	7.14%
Internal Rate of Return (new business)	7.55%	12.64%	24.13%	10.17%

Table 14: Implied Discount Rate and Internal Rate of Return by region

Real world assumptions have been used in the calculations of the IDR and IRR. These have been derived from an internal assessment of risk premiums, measured as the expected excess return over 10-year risk free rates. The risk premiums for equities and property were 6.7% and 2.0%, respectively.

3.2 Austria

The positive operative earnings in 2012 contributed to the increase the MCEV for the Austrian Life & Health business from EUR 1,450mn in 2011 (on a restated basis) to EUR 1,797mn in 2012. The first phase of the new life insurance strategy led to a positive impact in the Analysis of Change for Group Embedded Value (see section ↑2.4 describing other operation variance). The NBV decreased from EUR 18mn in 2011 (on a restated basis) to EUR 10mn in 2012.

3.2.1 Analysis of change

The following table shows the analysis of change in the MCEV for Austrian Life & Health business before minority interests.

Analysis of change - ‚Austria‘ before minorities, in EUR millions	Free Surplus	Required Capital	VIF	MCEV
Opening MCEV as at 31 December 2011, reported	164	429	874	1,466
Opening MCEV as at 31 December 2011, restated	163	430	858	1,450
Capital and Dividend Flows	0	0	0	0
Foreign Exchange Variances	0	0	0	0
Acquired/Divested Businesses	-4	-7	-14	-25
Opening adjustments	-4	-7	-14	-25
Adjusted Opening MCEV as at 31 December 2011	159	423	844	1,426
New business value	-45	11	45	10
Expected existing business contribution (reference rate)	9	0	99	108
Expected existing business contribution (in excess of ref. rate)	3	0	41	44
Transfer from VIF and required capital to free surplus	67	-10	-57	0
Experience variances	31	1	-22	9
Assumption changes	0	0	240	240
Other operating variance	3	0	81	85
Operating MCEV earnings	68	2	426	496
Economic variances	69	2	-195	-125
Other non operating variance	0	0	0	0
Total MCEV earnings	137	3	231	372
Closing Adjustments	0	0	0	0
Closing MCEV as at 31 December 2012	296	426	1,075	1,797

Table 15: Analysis of change – Austria & Germany

The decrease of EUR -16mn to the restated MCEV as at year-end 2011 results mainly from FinanceLife Lebensversicherung AG, where the methodology for deriving lapses was reviewed. The position Acquired/Divested Businesses reflects the sales of Mannheimer Krankenversicherung AG and a small contribution due to the transfer of Call Direct’s business to UNIQA Österreich Versicherungen AG.

NBV for Austrian Life & Health business is EUR 10mn, allowing for a new business strain of EUR 34mn.

Operating MCEV earnings in total developed positively (EUR 496mn). The main contributions to this are the assumption changes which reflect the positive development of mortality and claims results in both the Life & Health business.

The decrease in interest rates and liquidity premium led to an economic variance of EUR -125mn in the MCEV.

3.2.2 Analysis of change for new business

The following table analyses the decrease in profitability of the Austrian Life & Health new business 2012 before minority interests.

Analysis of change New Business - ‚Austria' before minorities, in EUR millions	Value of New Business	Present Value of NB Premiums	New Business Margin
Opening VNB as at 31 December 2011, reported	22	1,752	1.2%
Modelling Changes	-3	49	-0.2%
Opening VNB as at 31 December 2011, restated	18	1,801	1.0%
Foreign Exchange Variances	0	0	0.0%
Change in Scope	-1	-152	0.1%
Adjusted Opening VNB as at 31 December 2011	18	1,649	1.1%
Business Volume Change	-1	-100	0.0%
Business Mix Change	-12	0	-0.7%
Assumption Changes	5	231	0.2%
Closing VNB as at 31 December 2012	10	1,780	0.6%

Table 16: Analysis of change for new business - Austria

The restated VNB decreases by EUR 3mn, mainly due to a change of economic scenario generator.

Change in scope reflects the disposal of Mannheimer Krankenversicherung AG and reduces the present value of new business premiums by EUR -152mn.

The main drivers of change in New Business Value are due to the Business Mix Change, which caused a decrease of EUR 12mn.
The line assumption changes comprises all changes in assumptions and in the product profitability compared to those used for the restated new business margins (per line of business) and has a positive impact of EUR 5mn on VNB.
The increase of PVNBP corresponds to the change to lower interest rates for discounting.

3.2.3 Sensitivities

The following table shows the sensitivities in the MCEV for Austrian Life & Health business before minority interests.

Sensitivities - ‚Austria' before minorities, in EUR millions	Change in embedded value		Change in new business value	
Base value	1,797	100%	10	100%
MCEV change by economic factors				
Risk free yield curve -100bp	-316	-18%	-14	-135%
Risk free yield curve +100bp	258	14%	7	71%
Equity and property market values -10%	-150	-8%	0	0%
Equity and property implied volatilities +25%	-11	-1%	0	0%
Swaption implied volatilities +25%	-96	-5%	-9	-94%
MCEV change by non-economic factors				
Maintenance expenses -10%	51	3%	3	27%
Lapse rates -10%	20	1%	1	11%
Mortality for assurances -5%	22	1%	2	15%
Mortality for annuities -5%	-5	0%	0	-1%
Required Capital equal to local solvency capital	15	1%	1	5%
Additional sensitivity				
no Liquidity Premium	-172	-10%	-5	-52%

Table 17: Sensitivities – Austria

The sensitivities to reference rates have the strongest impact on the MCEV as well as on the NBV, and have decreased significantly as at year end 2012 compared to year end 2011. The main drivers for the reduction in sensitivity are the first phase of the implementation of the UNIQA 2.0 strategy in traditional Austrian life business, including the Group's new ALM process, which has reduced the duration gap and the methodology for determining the sensitivity (as described in section 2.6). The asymmetric effect is caused by traditional life business (with profit participation) where profits are shared with the policyholder but losses are born by the shareholder due to the existence of guarantees. The downward shift of the risk free yield curve of 100bps results in a decrease of MCEV by EUR 316mn or –18%.

A decrease of 10% in maintenance expenses has the strongest impact among the non-economic sensitivities and increases the MCEV by EUR 51mn or 3%. This effect is the strongest on the unit link business where there is no risk mitigation effect due to profit sharing.

The Required Capital for UNIQA Österreich Versicherungen AG equals 150% of statutory solvency requirement. Setting the RC to 100% has a positive impact on the MCEV by decreasing the FCRC by EUR 15mn.

3.3 Italy

The Life & Health MCEV for Italy increased from EUR 23mn (on a restated basis) to EUR 76mn, including a NBV of EUR 7mn. The development was mainly driven by the positive development of spreads on Italian sovereign bonds compared to 2011 and the shareholder capital increase for UNIQA Life S.p.A. of EUR 10mn.

3.3.1 Analysis of change

The following table shows the analysis of change in the MCEV for Italian Life & Health business before minority interests.

Analysis of change - ‚Italy' before minorities, in EUR millions	Free Surplus	Required Capital	VIF	MCEV
Opening MCEV as at 31 December 2011, reported	15	52	-32	34
Opening MCEV as at 31 December 2011, restated	14	52	-44	23
Capital and Dividend Flows	0	0	0	0
Foreign Exchange Variances	0	0	0	0
Acquired/Divested Businesses	0	0	0	0
Opening adjustments	0	0	0	0
Adjusted Opening MCEV as at 31 December 2011	14	52	-44	23
New business value	-13	10	9	7
Expected existing business contribution (reference rate)	1	0	13	14
Expected existing business contribution (in excess of ref. rate)	0	0	2	3
Transfer from VIF and required capital to free surplus	-1	-2	3	0
Experience variances	0	0	0	1
Assumption changes	-2	2	-5	-5
Other operating variance	0	0	0	0
Operating MCEV earnings	-15	10	23	18
Economic variances	25	-4	5	25
Other non operating variance	0	0	0	0
Total MCEV earnings	10	6	27	43
Closing Adjustments	10	0	0	10
Closing MCEV as at 31 December 2012	34	58	-17	76

Table 18: Analysis of change - Italy

The main restatement change for Italian business is the change of economic scenario generator. The VIF decreased by EUR -12mn compared to 2011 reported values.

Operating MCEV earnings are EUR 18mn. The largest contributors to this are the expected existing business contribution of EUR 14mn. The decrease of EUR 5mn due to assumption changes is caused by higher expense assumptions for the Italian life business.

Economic variance of EUR 25mn, mainly as a result of net investment income in 2012, leads to an overall MCEV for the Italian Life & Health business of EUR 76mn.

3.3.2 Analysis of change for new business

The following table analyses the increase in profitability of the Italian Life & Health new business 2012 before minority interests.

Analysis of change New Business - ‚Italy' before minorities, in EUR millions	Value of New Business	Present Value of NB Premiums	New Business Margin
Opening VNB as at 31 December 2011, reported	1	447	0.2%
Modelling Changes	-2	0	-0.4%
Opening VNB as at 31 December 2011, restated	-1	448	-0.2%
Foreign Exchange Variances	0	0	0.0%
Change in Scope	0	0	0.0%
Adjusted Opening VNB as at 31 December 2011	-1	448	-0.2%
Business Volume Change	0	7	0.0%
Business Mix Change	3	0	0.7%
Assumption Changes	4	68	0.8%
Closing VNB as at 31 December 2012	7	523	1.3%

Table 19: Analysis of change for new business – Italy

The restated VNB decreases by EUR 2mn due to a change of economic scenario generator.

The change in business volume increases the present value of new business premiums by EUR 7mn. The change in business mix increases the VNB by EUR 3mn and is driven by a focus on profitable term insurance business.

The line assumption changes comprises all changes in assumptions and in the product profitability compared to those used for the restated new business margins (per line of business) and has a positive impact of EUR 4mn on VNB.

3.3.3 Sensitivities

The following table shows the sensitivities in the MCEV for Italian Life & Health business before minority interests.

Sensitivities - ‚Italy' before minorities, in EUR millions	Change in embedded value		Change in new business value	
Base value	76	100%	7	100%
EV change by economic factors				
Risk free yield curve -100bp	-54	-71%	-13	-192%
Risk free yield curve +100bp	33	43%	9	138%
Equity and property market values -10%	-15	-20%	0	0%
Equity and property implied volatilities +25%	1	1%	0	0%
Swaption implied volatilities +25%	-21	-27%	-2	-35%
EV change by non-economic factors				
Maintenance expenses -10%	5	7%	1	10%
Lapse rates -10%	-2	-3%	0	-7%
Mortality for assurances -5%	0	0%	0	1%
Mortality for annuities -5%	0	0%	0	0%
Required Capital equal to local solvency capital	0	0%	0	0%
Additional sensitivity				
no Liquidity Premium	-25	-33%	-3	-47%

Table 20: Sensitivities – Italy

3.4 Central Eastern Europe (CEE)

The Life & Health MCEV for CEE increased from EUR 149mn (on a restated basis) to EUR 186mn, including a NBV of EUR 24mn.

3.4.1 Analysis of change

The following table shows the analysis of change in the MCEV for CEE Life business before minority interests.

Analysis of change - ‚CEE' before minorities, in EUR millions	Free Surplus	Required Capital	VIF	MCEV
Opening MCEV as at 31 December 2011, reported	15	29	102	146
Opening MCEV as at 31 December 2011, restated	17	28	104	149
Capital and Dividend Flows	1	0	0	1
Foreign Exchange Variances	0	1	4	6
Acquired/Divested Businesses	0	0	0	0
Opening adjustments	1	1	4	6
Adjusted Opening MCEV as at 31 December 2011	18	30	108	156
New business value	-14	8	31	24
Expected existing business contribution (reference rate)	1	0	3	4
Expected existing business contribution (in excess of ref. rate)	0	0	0	0
Transfer from VIF and required capital to free surplus	16	-5	-12	0
Experience variances	16	0	-3	13
Assumption changes	-1	0	-9	-10
Other operating variance	0	0	0	0
Operating MCEV earnings	18	3	11	31
Economic variances	-5	0	7	2
Other non operating variance	0	0	0	0
Total MCEV earnings	13	3	18	33
Closing Adjustments	-2	0	0	-2
Closing MCEV as at 31 December 2012	29	32	125	186

Table 21: Analysis of change – CEE

Operating MCEV earnings are EUR 31mn, including a new business value of EUR 24mn. The negative impact from assumption changes was due to change in persistency projection assumptions. The positive experience variance in the free surplus is mainly the result of management actions to increase the shareholder margins in 2012.

The economic variance is positive in 2012 and amounts to EUR 2mn. The impact of the liability adequacy test (LAT) reserve results in the positive variance being deferred to future years' profits.

In total, the MCEV of the CEE countries increases to EUR 186mn, an increase of 25% relative to the restated 2011 results.

3.4.2 Analysis of change for new business

The following table analyses the increase in profitability of the CEE Life new business 2012 before minority interests.

Analysis of change New Business - ‚CEE' before minorities, in EUR millions	Value of New Business	Present Value of NB Premiums	New Business Margin
Opening VNB as at 31 December 2011, reported	23	335	6.9%
Modelling Changes	0	3	0.1%
Opening VNB as at 31 December 2011, restated	24	338	7.0%
Foreign Exchange Variances	1	19	-0.1%
Change in Scope	0	0	0.0%
Adjusted Opening VNB as at 31 December 2011	25	357	6.9%
Business Volume Change	5	76	0.0%
Business Mix Change	-4	0	-1.0%
Assumption Changes	-2	-99	1.2%
Closing VNB as at 31 December 2012	24	333	7.2%

Table 22: Analysis of change for new business – CEE

Foreign exchange variances comprise the impact of changes of CZK, HUF and PLN currencies compared to the EUR.

The change in business volume increases the present value of new business premiums by EUR 76mn. The main impact originates from UNIQA TU na Zycie S.A. in Poland. The change in business mix had a negative impact caused by a higher proportion of sold contracts in Poland, which have lower new business margins than the average of the CEE region.

The line assumption changes comprises all changes in assumptions and in the product profitability compared to those used for the restated new business margins (per line of business) and has a negative impact of EUR -2mn on VNB.

3.4.3 Sensitivities

The following table shows the sensitivities in the MCEV for CEE Life business before minority interests.

Sensitivities - ‚CEE' before minorities, in EUR millions	Change in embedded value		Change in new business value	
Base value	186	100%	24	100%
MCEV change by economic factors				
Risk free yield curve -100bp	-3	-2%	1	4%
Risk free yield curve +100bp	0	0%	-1	-5%
Equity and property market values -10%	0	0%	0	0%
Equity and property implied volatilities +25%	0	0%	0	0%
Swaption implied volatilities +25%	0	0%	0	0%
MCEV change by non-economic factors				
Maintenance expenses -10%	10	6%	2	10%
Lapse rates -10%	9	5%	3	13%
Mortality for assurances -5%	5	3%	2	7%
Mortality for annuities -5%	-1	0%	0	-1%
Required Capital equal to local solvency capital	0	0%	0	0%
Additional sensitivity				
no Liquidity Premium	-3	-2%	0	0%

Table 23: Sensitivities – CEE

The sensitivity of the MCEV and VNB to economic factors is significantly lower than both the Austrian and Italian Life and Health businesses.

4. Methodology

The GEV is the total of the adjusted net asset value and, in respect of the covered in-force business, the present value of future profits of in-force business less the value of financial options and guarantees, frictional cost of required capital and cost of residual non-hedgeable risks.

4.1 Covered business

The MCEV results cover the life insurance, savings, pensions and annuity, disability and health insurance business written by the Group's main Life & Health businesses in Austria – UNIQA Österreich Versicherungen AG, Raiffeisen Versicherung AG and FinanceLife Lebensversicherung AG; the Life & Health business in Italy written by UNIQA Assicurazioni, UNIQA Previdenza and UNIQA Life S.p.A.; and the Life business written in the Czech Republic, Hungary, Slovakia and Poland.

UNIQA Group provides the operating entities with detailed guidelines in order to ensure consistency of embedded value calculations throughout the Group. The economic assumptions that are used by the operating entities are set centrally.

Calculations are performed separately for each business and are based on the cash flows of that business after allowing for both external and intra-Group reinsurance. Where one part of the covered business has an interest in another part of the covered business, the ANAV of that business excludes the book value of the dependent business.

4.2 Adjusted Net Asset Value

The Adjusted Net Asset Value for the MCEV calculations is defined as:

- the shareholders' funds under the local accounting bases including the profits and losses for the reporting year;
- plus the "untaxed reserves" after tax – these reserves are available to cover the solvency requirements;
- plus the shareholders' share of the unrealized capital gains after tax to the extent that these are not included in the calculation of the VIF;
- less goodwill and value of business in force (VBI) after tax in respect of the businesses included in the scope of the MCEV calculations; the VBI is the value of the business in force included in the consolidated IFRS balance sheet as an intangible asset;

The Adjusted Net Asset Value for the Property and Casualty and the Life & Health businesses excluded from the scope of the MCEV calculations is defined as:

- the IFRS equity;
- plus the unrealized capital gains not included in the IFRS equity.

UNIQA Österreich Versicherungen AG (UAT) and Raiffeisen Versicherung AG are composite insurers. Their assets are split between the operating segments (i.e. Property and Casualty, Life and, in the case of UAT, Health) on the basis of the statutory balance sheets. It is possible to transfer assets between the operating segments at book value.

The differences between the IFRS balance sheet values and the disclosed market values as at December 31, 2011 and December 31, 2012 after adjusting for minority interests and deferred tax are included either in the ANAV or the VIF. Where these differences are included in the VIF, allowance is made for profit sharing.

4.2.1 Free Surplus

Free Surplus is defined as difference between ANAV and Required Capital. It is the market value of any assets allocated to, but not required to support, the in-force covered business at the valuation date.

4.2.2 Required Capital

Required Capital is defined as the statutory solvency margin requirement for each company, with the exception of UNIQA Österreich Versicherungen AG for which the Required Capital is assumed to be 150% of the statutory solvency margin requirement. The Required Capital is shown net of available policyholder funds and subordinated debt.

The statutory solvency margin requirements for the Life & Health businesses included in the scope of the MCEV calculations were EUR 516.4mn at December 31, 2012 and EUR 510.1mn at December 31, 2011 restated. A part of the solvency margin requirements can be covered by subordinated debt and policyholder funds.

4.3 Value of In-Force and Time Value of Financial Options and Guarantees

The VIF calculated for the Life & Health businesses is the value of the projected net of tax distributable profits arising from the in force business. It does not include profits from future new business.

The PVFP for the Life & Health businesses writing conventional or unit linked business 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 rates at the valuation date. The other assumptions (including expenses, surrender rates, mortality and morbidity rates, shareholder 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, i.e. some assumptions (e.g. profit participation rates and the asset allocation) vary depending on the future economic conditions. The resulting statutory shareholder profits are discounted at the reference rates and this is defined as the PFVP. This value takes account of the intrinsic value of financial options and guarantees.

The FOGs are valued explicitly for the conventional life products in Austria and Italy as the difference between the "stochastic" PVFP and the PVFP. The "stochastic" PVFP is defined as the average – over one thousand 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 treasury yields, corporate spreads, corporate migrations, equities and inflation.

UNIQA produces the economic scenarios centrally using GEMS (provided by Conning). The risk-neutral economic scenarios are market consistent, i.e. they are calibrated to the market prices of a range of capital market instruments at the valuation date. The conventional reserves in the covered CEE Life business account for less than 5% of the total Group reserves. Due to the level of materiality, the FOGs for the conventional life products in CEE are estimated using prudent internal and external benchmarks. Under this methodology an explicit cost of the guarantee is calculated in each year and discounted at the reference rates.

4.4 Frictional Cost of Required Capital

The FCRC has been calculated as the present value at the reference interest rates of the frictional costs on the total Required Capital. The frictional costs on the Required Capital covered by the shareholders' funds have been defined as the sum of the corporation tax on the future investment returns and investment expenses.

The same definition for the FCRC has been applied for the in force business and the new business.

4.5 Cost of residual non-hedgeable risk

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 our Group internal risk capital model and is equal to the stand alone risk capital at the 99.5% percentile. Allowance has been made for diversification between the covered businesses. No allowance has been made for diversification between financial and non-financial or operating risks. The risk capital is projected over the life time of the portfolio on the basis of projected reserves, premiums or other relevant drivers. The same drivers are used to project the risk capital for in force and new business. The net of tax charge for the cost of capital is 2% for the calculation of the CRNHR.

4.6 New business value

The NBV represents the value generated by new business sold during the reporting period. New business premiums are defined as premiums arising from sales of new contracts. New business includes policies where a new contract is signed or underwriting is carried out. Renewal premiums include contractual renewals and changes to health insurance premiums due to medical inflation.

5. Assumptions

5.1 Economic assumptions

The calculations are based on economic market conditions as at December 31, 2011 and December 31, 2012.

The derivation of the reference interest rates is in line with the CFO Forum MCEV Principles and with recent EIOPA developments.

Reference interest rates are based on Swap Rates at each year end with the following adjustments.

- A Credit Risk Adjustment of 10bp is deducted from the swap rates, which is in line with the CFO CRO Forum paper "QIS5 Technical Specification – Risk-free interest rates".
- An extrapolation is needed for the period beyond that for which liquid assets are available in the financial markets. For EUR we consider the market to be deep and liquid for duration up to 20 years and start the extrapolation from this point onwards (other currencies are listed in Table 26).
- The Liquidity Premium is added to the deep and liquid part only.
- We use the Smith-Wilson technique to extrapolate towards the Ultimate Forward Rate of 4.2%. The extrapolation parameters are determined such that the Ultimate Forward Rate is reached within 10 years after extrapolation, which is in line with the recent developments of EIOPA and market practices.

The Liquidity Premium shown in Table 25 is determined by the "indirect approach" of the 50/40 proxy formula: max[0, 50% (corporate spread over swap – 40bp)] + 10bp. The 10bp are the correction for the previous Credit Risk Adjustment. We apply the following buckets of the Liquidity Premium for our business:

- 75% for participating business
- 0% for unit/index-linked business
- 50% for other business

For all non-EUR currencies 33% of the EUR premium were assumed.

The following tables show the main economic assumptions for the MCEV calculations. Table 24 lists the reference rates (excluding liquidity premiums) as at December 31, 2012 and December 31, 2011.

	EUR		CZK		HUF		PLN	
Reference Rates	2012	2011	2012	2011	2012	2011	2012	2011
1 year	0.23%	1.31%	0.29%	0.93%	5.11%	7.81%	3.33%	4.77%
5 years	0.67%	1.63%	0.70%	1.59%	5.00%	7.65%	3.25%	4.70%
10 years	1.50%	2.33%	1.29%	2.13%	5.40%	7.84%	3.49%	4.86%
15 years	1.99%	2.64%	1.74%	2.45%	5.17%	7.51%	3.65%	4.59%
20 years	2.16%	2.65%	2.21%	2.56%	4.92%	6.99%	3.78%	4.26%
25 years	2.45%	2.70%	2.59%	2.58%	4.77%	6.52%	3.86%	4.07%

Table 24: Reference Rates

	Liquidity Premium 2012	Liquidity Premium 2011
EUR	47bp	118bp
CZK / HUF / PLN	16bp	41bp

Table 25: Liquidity Premium

	Starting Point of Extrapolation	Ultimate Forward Rate
EUR	20	4.2%
CZK	15	4.2%
HUF	15	4.2%
PLN	15	4.2%

Table 26: Reference Rates Extrapolation

Swaption and equity option implied volatilities are shown in the following tables.

Swaption Implied Volatilities				
EUR	2012		2011*)	
Expiry \ Swap Tenor	10	20	10	20
10	25.04%	21.71%	27.24%	25.31%
15	23.46%	20.24%	28.50%	23.89%
20	20.09%	18.47%	25.05%	21.51%

*) after restatement
Table 27: Swaption Implied Volatilities

At-the-money Equity Option Implied Volatilities		
EUR	2012	2011*)
5 years	24.63%	26.13%
10 years	26.05%	27.62%

*) after restatement
Table 30: At-the-money Equity Option Implied Volatilities

UNIQA models corporate credit spreads with a reduced form model. The credit spreads per rating and maturity and corresponding transition probabilities are calibrated to spreads as observed in the market.

Inflation is linked to interest rates and calibrated to meet an expected long time horizon of 2%.

The expense and medical inflation are both set at 2%.

	Exchange rate		Tax rate	
	2012	2011	2012	2011
UNIQA Austria	-	-	25.00%	25.00%
UNIQA Italy	-	-	34.32%	34.40%
UNIQA CZ	25.15	25.79	19.00%	19.00%
UNIQA HU	292.30	314.58	19.00% + 2.3% *)	19.00% + 2.3% **)
UNIQA SK	-	-	19.00%	19.00%
UNIQA PL	4.07	4.46	19.00%	19.00%

*) Muncipal Tax & innovation fee
**) including additional crisis tax
Table 28: Exchange and tax rates

5.2 Operating assumptions

The assumed policyholder profit participation for the Austrian with-profits life insurance business has been set for each economic scenario using management rules that seek to achieve a pre-tax shareholder margin of 15% of the gross surplus. The rules in Austria for minimum profit sharing require that at least 85% of the gross surplus has to be used for profit sharing. In line with the Group's strategy for life business in Austria, it has been assumed that 85% of future surpluses will be used for profit sharing. The gross surplus is the sum of the investment (based on book values), risk and expense surpluses. The unit linked business does not have any policyholder profit sharing.

A part of the gross surplus for the Austrian Health business, in accordance with current practice, is assumed to be used to reduce the level of future premium adjustments. There is no additional allowance for future profit sharing.

The assumed profit participation for the Life businesses in the Czech Republic, Hungary and Slovakia is defined as at least 85% of the difference between the projected investment returns and the technical interest rates. For the Italian life business, profit sharing is product specific but in total around 80% of net investment income.

Actuarial assumptions such as mortality and morbidity rates, surrender and annuity take-up rates have been included on the basis of the Directors' best estimates of future experience. They reflect historical experience and expected trends.

Expense assumptions have been based on the companies' recent experience.

6. Independent Opinion

Herrn
Mag. Kurt Svoboda
Mitglied des Vorstands
UNIQA Versicherungen AG
Untere Donaustraße 21
1029 Wien
Österreich

14th May 2013

Dear Herr Mag. Svoboda,

Independent Opinion on Review of Embedded Value results of UNIQA Versicherungen AG as at 31 December 2012

Based on the engagement letter dated 2 November 2011, B&W Deloitte GmbH has been engaged to review the Group Embedded Value (GEV) of UNIQA Versicherungen AG, Wien, ("the Group" or "UNIQA") as at 31 December 2012 as stipulated in the accompanying document "Group Embedded Value 2012" (the "Statements"). The Statements comprise:

- the Market Consistent Embedded Values of the main Life and Health insurance businesses in Austria, Germany (for 2011), Italy, the Czech Republic, Slovakia, Hungary and Poland as at 31 December 2012 and 31 December 2011 together with the value of new business generated, the sensitivities and the earnings analyses during the year 2012;
- the Adjusted Net Asset Values as at 31 December 2012 and 31 December 2011 for the Property and Casualty insurance businesses and the Life and Health insurance businesses excluded from the scope of the Market Consistent Embedded Value calculations.

The Management of UNIQA is responsible for the preparation of the Statements. This in particular includes specifying the methodology, setting the operating and economic assumptions, ensuring that the data required to determine the Group Embedded Value are complete and accurate, ensuring that the required systems function correctly and carrying out the calculations and the related analyses.

Our responsibility is to express an opinion on the calculation of the GEV as to whether the methodology and the assumptions used comply with the Market Consistent Embedded Value Principles© as published by the CFO Forum on 4 June 2008 and amended in October 2009 except principles 17.3.5 and 17.3.47 relating to segmentation of results and 17.3.37 to 17.3.45 relating to the preparation of a Group MCEV.

The scope of our review covered the methodology adopted together with the assumptions and calculations made by the Group in relation to the Market Consistent Embedded Values (MCEV) for the main Life and Health businesses and also the calculations made by the Group in relation to the Group Embedded Value. The Adjusted Net Asset Values (ANAV) are based on values shown in Group's audited consolidated IFRS accounts and also the audited local statutory accounts for the relevant subsidiaries of the Group. The ANAV allows for additional value arising from the difference between the market value and value in the Group's IFRS accounts for assets not valued at market value in the Groups consolidated IFRS accounts (for example for property and loans). The ANAV for the businesses excluded from the scope of the MCEV calculations have also been excluded from the scope of our review and this accounts for 29.0% of the Group Embedded Value.

Our review was conducted in accordance with generally accepted actuarial practices and processes. Therefore we plan and conduct our review so that we can preclude through critical evaluation, with a certain level of assurance, that the Statements – the methodology and assumptions used, the calculations and further information – have not been prepared in material aspects in accordance with the requirements of the MCEV Principles. The review comprised a combination of such reasonableness checks, analytical review and checks of clerical accuracy as we considered necessary to provide this certain level of assurance that the Statements have been compiled free of significant error. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in an MCEV audit. However, we have relied without verification upon the completeness and accuracy of data and information supplied by the Group, including the value of net assets as disclosed in the audited local statutory accounts and the IFRS accounts of the Group and the subsidiaries of the Group, together with the adjustments made by the Directors to reflect the additional value of the non-quoted equity holdings referred to above.

The calculation of the Group Embedded Value is subject to numerous assumptions on future conditions and events which are uncertain and beyond control of the company. Therefore the actual cash future cash flows might differ significantly from those underlying the Group Embedded Value. The 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.

Based on our review - with the exceptions and limitations noted above - no matters have come to our attention that cause us to presume that the Group Embedded Value has not been prepared in material respects in accordance with the MCEV Principles.

This report is made solely to the Group's Directors as a body. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Group'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

B&W Deloitte GmbH

7. Disclaimer

Cautionary statement regarding forward-looking information

This supplementary disclosure of the Group Embedded Value 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.

8. Glossary and abbreviations

Glossary and abbreviations	
Adjusted Net Asset Value (ANAV)	The sum of the Free Surplus and Required Capital.
Annual Premium Equivalent (APE)	This is defined as 100% of annual premiums and 10% of single premiums for new business.
Best estimate	A best estimate assumption should be equal to the mean estimate (probability weighted average) of outcomes of that risk variable.
Certainty Equivalent Value of In-force Business (CEV)	This is the deterministic value of in force covered business calculated. All asset classes are assumed to earn the reference rates (i.e. from the swap curve).
Cost of Residual Non-Hedgeable Risks (CRNHR)	This is the cost (to shareholder) of all other risks not being modelled explicitly in the stochastic model.
Covered business	The contracts to which the MCEV methodology according to the MCEV principles has been applied.
Free Surplus (FS)	The free surplus is the market value of assets allocated to the in-force covered business, which is not required for the support of the in-force business.
Frictional Costs of Required Capital (FCRC)	Frictional costs reflect the investment expenses and tax on investment income on the assets backing the Required Capital.
Implied Discount Rate (IDR)	IDR is the discount rate at which the present value of net cash flows (based on risk free rates plus a risk premium) equals the value of in force business using the market consistent valuation approach.
Internal Rate of Return (IRR)	IRR is a discount rate at which the present value of net cash flows (based on risk free rates plus a risk premium), is equal to zero.
IFRS	International Financial Reporting Standards
Market Consistent Embedded Value (MCEV)	The MCEV is a measure of the consolidated value of shareholders' interests in the covered business. It is defined as: Adjusted Net Asset Value (ANAV), less Present Value of Future Profits (PVFP), less Time Value of Financial Options and Guarantees (FOG), less Frictional Costs of Required Capital (FCRC), less Cost of Residual Non-Hedgeable Risks (CRNHR)
New Business Strain	Negative impact of new business on free surplus corresponding to the initial expenses in the year business is written.
New Business Value (NBV)	The additional value to shareholders created through the activity of writing new business. It is calculated as the Value of In-force Business (VIF) of the written business in the reporting year less the New Business Strain.
Present Value of Future Profits (PVFP)	This is the same as the Certainty Equivalent Value of In-force Business.
Present Value of New Business Premiums (PVNBP)	This is equal to the single premiums plus present value of annual premiums (on best estimate non-economic assumptions and discounted using the reference rates).
Reference rate	Refers to the rate, which is used for the valuation of Certainty Equivalent Value of In-force Business (CEV).
Required Capital (RC)	This is the market value of assets, attributed to the covered business over and above that required to back (statutory) liabilities for covered business, whose distribution to shareholders is restricted.
Time value of financial options and guarantees (FOG)	This is defined as the difference between the PVFP and the Stochastic Value of Inforce Business (or "Stochastic VIF").
Value of In-force Business (VIF)	The Value of in-force Business (VIF) refers to the sum of discounted profits of the existing liabilities, which arise over the projected time horizon. It is determined as: Present Value of Future Profits (PVFP), less Time Value of Financial Options and Guarantees (FOG), less Frictional Costs of Required Capital (FCRC), less Cost of Residual non-hedgeable risks (CRNHR)

Table 29: Glossary and abbreviations

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