

# UNIQA Group Austria Group Embedded Value 2010

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## Group European Embedded Value

- § Disclosure of Group Embedded Value (GEV) results:
  - § Includes European Embedded Value (EEV) using bottom-up, market consistent methodology compliant with CFO Forum Principles for main Life and Health businesses
  - § In line with the ongoing goal to improve the EEV disclosure UNIQA includes the businesses of Mannheimer Krankenversicherung AG and UNIQA Life S.p.A. (Italian Life business) for the first time
  - § Are split by regions Austria & Germany, Italy and CEE
- § Adjusted net asset value (ANAV) for Property & Casualty businesses and Life and Health businesses excluded from scope of EEV on the basis of adjusted IFRS equity
- § Independent review of methodology, assumptions and calculations for EEV and calculations for GEV by B&W Deloitte GmbH

## Methodology

- § EEV for conventional life businesses in Austria and Italy are based on stochastic cashflow projections using market consistent capital market scenarios. Projections allow for management actions (e.g. profit participation or asset allocation); single risk free deterministic projection for Austrian, German and Italian unit linked and health business
  - § Explicit allowance for cost of guarantees and options
  - § Assumed policyholder profit participation allows for local supervisory laws and contractual agreements
  - § Explicit allowance for cost of residual non-hedgeable risk
  - § Best estimate assumptions based on recent experience for expenses, mortality and lapses
  
- § Single risk free deterministic projection for EEV calculations in CEE Life businesses
  - § Benchmarking to allow for cost of guarantees and options
  - § Explicit allowance for cost of residual non-hedgeable risk

## Methodology

- § GEV allows for consolidation adjustments and minority interests
- § Goodwill and value of business in force (VBI) eliminated in respect of businesses included in the scope of the EEV calculations
- § EEV defined as:
  - Free Surplus (FS),
  - plus Required Capital (RC),
  - plus Value of In-Force (VIF) determined as
    - Present Value of Future Profits (PVFP)
    - less Time Value of Financial Options and Guarantees (FOG)
    - less Frictional cost of Required Capital (FCRC)
    - less Cost of Residual Non-Hedgeable Risks (CRNHR)
- § GEV defined as:
  - Adjusted net asset value for Property and Casualty and Life and Health businesses excluded from scope of EEV calculations
  - plus EEV

## GEV influenced by economic variance

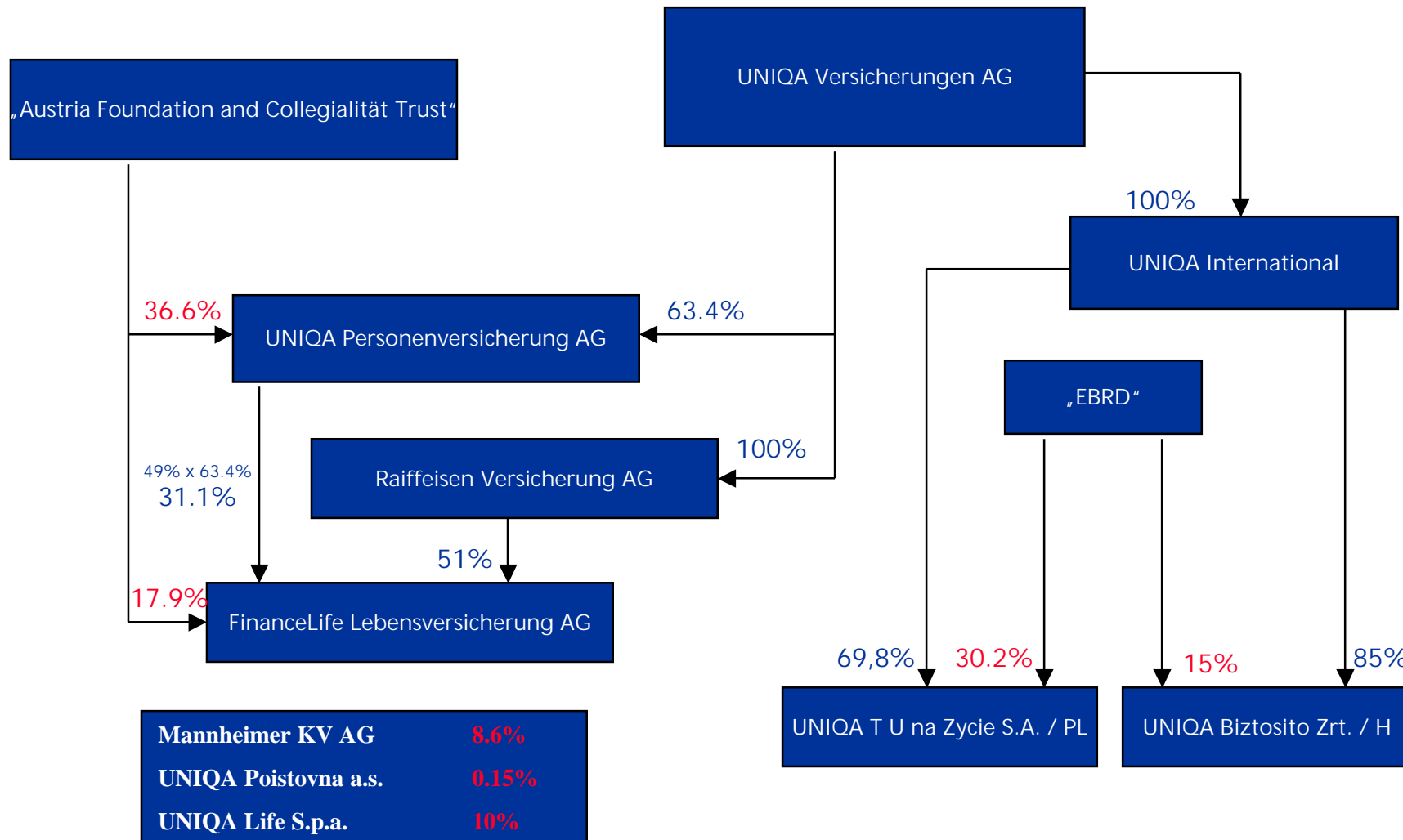
§ GEV decreases (before min. interest) by 8% to EUR 2,779mn.

§ Decrease in reference rates offset operative improvements, and decrease the VIF to EUR 1,206mn.

§ Increase of FOG to EUR 278mn.

<b>Group Embedded Value</b> before minorities, in € millions							
	<b>Life &amp; Health</b>		<b>Prop. &amp; Casualty</b>		<b>Total</b>		<b>Change over period</b>
	2010	2009	2010	2009	2010	2009	
Free surplus	69	104	642	710	711	814	-13%
Required capital	504	486	358	322	862	808	7%
<b>Adjusted Net Asset Value</b>	<b>573</b>	<b>590</b>	<b>1,000</b>	<b>1,032</b>	<b>1,573</b>	<b>1,622</b>	<b>-3%</b>
Present value of future profits	1,687	1,710	n/a	n/a	1,687	1,710	-1%
Cost of options and guarantees	-278	-146	n/a	n/a	-278	-146	90%
Frictional Cost of required capital	-88	-85	n/a	n/a	-88	-85	3%
Cost of residual non-hedgeable risk	-117	-69	n/a	n/a	-117	-69	69%
<b>Value of in-force business</b>	<b>1,206</b>	<b>1,410</b>	<b>n/a</b>	<b>n/a</b>	<b>1,206</b>	<b>1,410</b>	<b>-15%</b>
<b>GEV / EEV</b>	<b>1,779</b>	<b>2,000</b>	<b>1,000</b>	<b>1,032</b>	<b>2,779</b>	<b>3,032</b>	<b>-8%</b>

Disclosure shows results before and after minority interests



## GEV influenced by economic variance

§ GEV decreases (after min. interest) by 9% to EUR 2,168mn.

§ Decrease in reference rates offset operative improvements, and decrease the VIF to EUR 834mn.

§ Increase of FOG to EUR 237mn.

<b>Group Embedded Value</b> after minorities, in € millions							
	<b>Life &amp; Health</b>		<b>Prop. &amp; Casualty</b>		<b>Total</b>		<b>Change over period</b>
	2010	2009	2010	2009	2010	2009	
Free surplus	48	82	553	619	602	701	-14%
Required capital	405	389	327	306	733	695	5%
<b>Adjusted Net Asset Value</b>	<b>454</b>	<b>471</b>	<b>881</b>	<b>925</b>	<b>1,334</b>	<b>1,396</b>	<b>-4%</b>
Present value of future profits	1,222	1,234	n/a	n/a	1,222	1,234	-1%
Cost of options and guarantees	-237	-122	n/a	n/a	-237	-122	95%
Frictional Cost of required capital	-69	-66	n/a	n/a	-69	-66	4%
Cost of residual non-hedgeable risk	-84	-52	n/a	n/a	-84	-52	61%
<b>Value of in-force business</b>	<b>834</b>	<b>994</b>	<b>n/a</b>	<b>n/a</b>	<b>834</b>	<b>994</b>	<b>-16%</b>
<b>GEV / EEV</b>	<b>1,287</b>	<b>1,465</b>	<b>881</b>	<b>925</b>	<b>2,168</b>	<b>2,390</b>	<b>-9%</b>

# Return on restated and adjusted GEV

<b>Return on GEV</b> after minorities, in € millions		
	2010	2009
EEV as at 31 December	2,168	2,358
EEV as at 31 December previous year, reported	2,358	1,857
EEV as at 31 December previous year, restated	2,390	1,971
EEV as at 31 December previous year, restated and adjusted	2,336	1,919
Dividends	57	52
Return on EEV	-169	439
as a %	-7.2%	22.9%

- § Return on GEV is shown after minority interest and calculated on basis of the restated and adjusted GEV as at December 31, 2009.
- § Lower reference rates and increased interest volatilities offset positive operational developments and result in a return on GEV of EUR -169mn or -7.2%.

## New business volumes still increasing, margins volatile

### New business value

in € millions

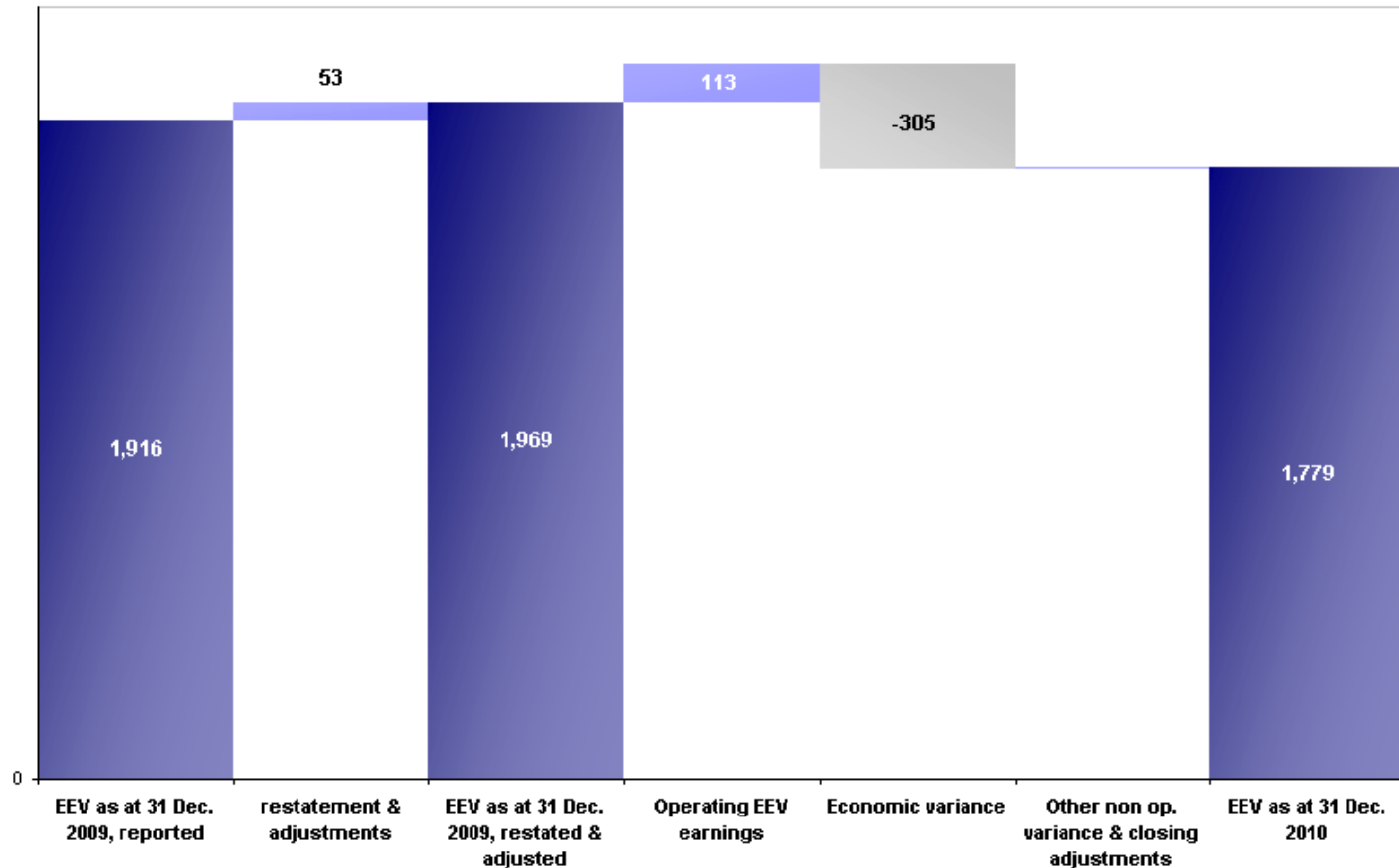
	before minorities			after minorities		
	2010	2009 *)	change in 2010	2010	2009 *)	change in 2010
<b>Value of new business</b>	<b>59</b>	<b>77</b>	<b>-23.3%</b>	<b>49</b>	<b>62</b>	<b>-21.0%</b>
Annual premium equivalent (APE)	331	299		278	252	
New business margin (as % APE)	17.8%	25.7%		17.6%	24.5%	
Present value of new business premiums (PVNBP)	2,833	2,475		2,347	2,054	
New business margin (% of PVNBP)	2.1%	3.1%		2.1%	3.0%	

\*) restated results for 2009

- § UNIQA Group's NBV was negatively effected in 2010 and decreased as at year-end by 23.3% to EUR 59mn.
- § New business margins vary by region and depend on the underlying business mix. While the economic environment as at year end 2010 negatively affects traditional life business, margins for other business lines remain stable.
- § New business volumes developed positively in 2010.

## Life & Health before minority interest

- § Restatement caused by increase of scope and minor changes to allocation methodology of expenses.
- § Ongoing positive development of operating earnings results in an increase of EUR 113mn.
- § Decrease in reference rates and rising interest rate volatilities affected the GEV negatively by EUR 305mn.



- § EEV calculations use reference rates based on swap rates as at December 31, 2010 including a liquidity spread. The illiquidity premium is observed from observable market data and based on the approach used for QIS5. There was no illiquidity premium applied for CEE countries.
- § The 2010 calibration of the economic scenarios is based on implied volatilities.

Reference Rates*)	EUR		CZK		HUF		PLN	
	2010	2009	2010	2009	2010	2009	2010	2009
1 year	1.31%	1.31%	1.45%	1.70%	6.43%	6.31%	4.46%	4.52%
5 years	2.60%	2.85%	2.61%	3.01%	7.01%	7.23%	5.50%	5.75%
10 years	3.42%	3.71%	3.11%	3.53%	7.23%	7.16%	5.67%	5.78%
15 years	3.79%	4.14%	3.64%	3.84%	6.81%	6.91%	5.43%	5.73%
20 years	3.83%	4.12%	3.77%	3.90%	6.26%	6.66%	5.07%	5.57%
25 years	3.67%	4.15%	3.57%	3.80%	5.68%	6.38%	4.63%	5.38%

\*) excluding liquidity premium

	Liquidity Premium	
	2010	2009
base premium	34bp	100%
participating life business	25bp	75%
unit and index linked business	17bp	50%
health business	17bp	50%
others	0bp	0%

	Exchange rate		Tax rate	
	2010	2009	2010	2009
UNIQA Austria	-	-	25.00%	25.00%
UNIQA Italy	-	-	32.40%	32.40%
UNIQA CZ	25.06	26.47	19.00%	19.00%
UNIQA HU	277.95	270.42	20% + 2.3% **)	20% + 2.3% *)
UNIQA SK	-	-	19.00%	19.00%
UNIQA PL	3.98	4.10	19.00%	19.00%

\*) Municipal Tax & innovation fee

\*\*\*) including additional crisis tax

	Other economic assumptions	
	2010	2009
Interest rate volatility *)	17.60%	14.40%
Equity volatility	24.39%	28.70%
Expense / medical inflation	2% / 2% - 5%	2% / 2% - 5%

\*) 5 to 5 implied sw option volatility

## Life & Health before minority interests

	Change in European embedded value		Change in new business value	
<b>Base value</b>	<b>1,779</b>	<b>100%</b>	<b>59</b>	<b>100%</b>
<b>EV change by economic factors</b>				
Risk free yield curve -100bp	-628	-35%	-46	-78%
Risk free yield curve +100bp	325	18%	24	40%
Equity and property market values -10%	-202	-11%	0	0%
Equity and property implied volatilities +25%	-8	0%	0	0%
Swaption implied volatilities +25%	-103	-6%	-6	-10%
<b>EV change by non-economic factors</b>				
Maintenance expenses -10%	167	9%	10	17%
Lapse rates -10%	-7	0%	-5	-8%
Mortality for assurances -5%	15	1%	2	3%
Mortality for annuities -5%	-3	0%	-1	-2%
Required Capital equal to local solvency capital	16	1%	1	1%
<b>Additional sensitivity</b>				
Liquidity premium -25bp	-164	-9%	-8	-13%
Liquidity premium +25bp	144	8%	6	9%
Profit sharing (for Austrian Life business) +5%	-61	-3%	-2	-4%

## Reconciliation of IRFS equity to ANAV

	2010	2009 restated	2009
<b>Consolidated IFRS equity</b>	<b>1,537</b>	<b>1,565</b>	<b>1,565</b>
Goodwill and value of business in force for EEV companies	-175	-112	-108
Differences in valuation of assets and liabilities	-159	-153	-143
Other differences	347	298	298
Additional value from non-quoted equity holdings	24	23	14
<b>Adjusted net asset value before minority interest</b>	<b>1,573</b>	<b>1,622</b>	<b>1,626</b>
Minority interests	-239	-226	-222
<b>Adjusted net asset value after minority interest</b>	<b>1,334</b>	<b>1,396</b>	<b>1,404</b>

- § Goodwill and VBI are deducted in respect of the Life and Health businesses included in the scope of the EEV calculations.
- § Other differences include the unrealised gains on property assets that are not shown at market values by IRFS rules.

## Results split by regions Austria, Italy and CEE

- § Economic developments have negative impacts, PVFP rather stable across all regions.
- § Significant increase in FOG in Austrian and Italian business.
- § Continuous positive development of CEE region.

### Embedded Value 2010 by region

before minorities, in € millions

	2010				2009 *)			
	Austria	Italy	CEE	Total	Austria	Italy	CEE	Total
Free surplus	23	28	18	69	47	34	22	104
Required capital	432	43	29	504	430	30	26	486
<b>Adjusted Net Asset Value</b>	<b>455</b>	<b>71</b>	<b>47</b>	<b>573</b>	<b>477</b>	<b>65</b>	<b>48</b>	<b>590</b>
Present value of future profits	1,501	60	127	1,687	1,523	72	115	1,710
Cost of options and guarantees	-250	-23	-5	-278	-131	-11	-4	-146
Frictional Cost of required capital	-82	-4	-2	-88	-80	-3	-2	-85
Cost of residual non-hedgeable risk	-108	-3	-5	-117	-62	-1	-5	-69
<b>Value of business in-force</b>	<b>1,062</b>	<b>30</b>	<b>114</b>	<b>1,206</b>	<b>1,250</b>	<b>58</b>	<b>103</b>	<b>1,410</b>
<b>Life &amp; Health EEV</b>	<b>1,517</b>	<b>100</b>	<b>162</b>	<b>1,779</b>	<b>1,727</b>	<b>122</b>	<b>150</b>	<b>2,000</b>
as a % of total Life EEV	85.3%	5.6%	9.1%	100.0%	86.4%	6.1%	7.5%	100.0%

\*) restated

## Cautionary statement regarding forward looking statement

- § This presentation contains forward-looking statements.
- § Forward-looking statements involve inherent risks and uncertainties, and it might not be possible to achieve the predictions, forecasts, projections and other outcomes described or implied in forward-looking statements.
- § A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in these forward-looking statements.
- § These forward-looking statements will not be updated except as required by applicable laws.