UNIQA Versicherungen AG

Group Embedded Value 2008

Supplementary information on Group Embedded Value results for 2008

Table of Contents

1. Introduction

The Embedded value (or “EV”) of UNIQA Versicherungen AG (“UNIQA Group” or “Group” or “UNIQA”) represents the shareholders’ economic value of the in-force Life & Health business, which is the value of the business written as of 31 December 2008. Future new business is not included.

From the end of 2006, UNIQA’s methodology for Life & Health EV has been compliant with the CFO Forum’s European Embedded Value (EEV) Principles and guidance and has adopted a market-consistent approach. In particular, it:

- provides for the cost of all significant financial options and guarantees (FOG) of 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) of the main Life & Health businesses.

In June 2008, the European Insurance CFO Forum released the new Market Consistent Embedded Value Principles©[1] (“MCEV principles”). Even though UNIQA already uses a market consistent methodology when making allowance for the aggregate risks in its Life & Health business, UNIQA has remained under the EEV principles for its 2008 EV disclosure and plans to formally endorse the MCEV principles at year-end 2009.

UNIQA Versicherungen AG last disclosed information on the Group Embedded Value (GEV) for the business year 2007 in May 2008. This disclosure included the European Embedded Value (EEV) for the main Life & Health Insurance businesses in Austria, the Embedded Values (EV) for the Life & Health businesses in Italy, and the Life businesses in the Czech Republic, Slovakia and Hungary.
The GEV included the Group’s Property and Casualty, the Life & Health Insurance companies excluded from the scope of the EEV calculations, and other subsidiaries on the basis of their adjusted IFRS equity.

In 2008 the scope of the companies for which an EV has been calculated was extended to include our Polish life subsidiary, in line with the ongoing goal to continually improve the embedded value disclosure. The results are shown separately for the first time for the regions Austria, Italy and CEE. The restatement of the 2007 GEV results includes this separation of the regions, the reconciliation of consolidation effects and methodology changes.

The following table shows the companies included in the scope of the GEV reporting:

Region	Country	Company	Segment	Scope
Austria	Austria	UNIQA Versicherungen AG	Group	Consolidation
	Austria	UNIQA Personenversicherung AG	Life	European embedded value
	Austria	UNIQA Personenversicherung AG	Health	European embedded value
	Austria	Raiffeisen Versicherung AG	Life	European embedded value
	Austria	FINANCE LIFE Lebensversicherung AG	Life	European embedded value
Italy	Italy	UNIQA Previdenza S.p.A.	Life	Embedded value
	Italy	UNIQA Assicurazioni S.p.A.	Health	Embedded value
CEE	Slovakia	UNIQA poistovna a.s.	Life	Embedded value
	Czech Republic	UNIQA poijstovna a.s.	Life	Embedded value
	Hungary	UNIQA Bistosito Zrt.	Life	Embedded value
	Poland	UNIQA TU na Zycie S.A.	Life	Embedded value

Table 1: Scope of Embedded Value

The Directors of UNIQA Group acknowledge their responsibility for the preparation of the supplementary information. 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 2008 results

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

The ANAV contains:
- Required capital (RC)
- Free surplus (FS)

The VIF is calculated for covered business and is determined as:
- Present value of future profits (PVFP) minus
- Time Value of Financial Options and Guarantees (FOG) – only calculated for the blocks of business for which stochastic projections have been carried out – minus
- Frictional Cost of required capital (FCRC) minus
- Cost of residual non-hedgeable risk (CRNHR)

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 2008 was significantly affected by the economic crisis in 2008. Lower interest rates, decrease in equity asset values and increased volatilities on swaptions and equity all had negative impacts.

The following tables show the GEV results for the year ending December 31, 2008 and the restated GEV results for the year ending December 31, 2007.

Table 2 contains the results before minority interests, whereas the result after minority interests is shown in Table 3.

Group Embedded Value
before minorities, in € millions

	Life & Health[1]		Property & Casualty[2]		Total		Change over period
	2008	2007	2008	2007	2008	2007	
Free surplus	290	401	202	465	493	866	-43%
Required capital	467	465	683	619	1,150	1,084	6%
Adjusted net asset value	757	866	885	1,083	1,642	1,950	-16%
Present value of future profits	913	1,191	n/a	n/a	913	1,191	-23%
Cost of options and guarantees	-152	-54	n/a	n/a	-152	-54	179%
Frictional Cost of required capital	-88	-104	n/a	n/a	-88	-104	-15%
Cost of residual non-hedgeable risk	-69	-83	n/a	n/a	-69	-83	-18%
Value of business in-force	605	950	n/a	n/a	605	950	-36%
GEV / EV	1,362	1,816	885	1,083	**2,247**	**2,900**	**-23%**

Table 2: GEV before minorities

1 The EEV has not been calculated for all the Life & Health businesses in the Group. The IFRS equity for the Life & Health businesses excluded from the scope of the EEV and EV calculations is shown under the column Property & Casualty.

2 Includes the IFRS equity for the Life & Health businesses excluded from the scope of the EEV and EV calculations (less than 1% of the Austrian – and 21% of the Italian and CEE – Life & Health businesses based on earned premium.

The “Austria and Collegialität trusts” are significant shareholders of the Group. They have a 36.6% direct shareholding in the Group’s main operating company UNIQA Personenversicherung AG, and an indirect 17.9% shareholding in FinanceLife Lebensversicherung AG. Veneto Banca, Italy has a 20% direct shareholding in UNIQA Previdenza. These minority interests as well as smaller minority interests in some of the other Group subsidiaries are excluded in the following table.

Group Embedded Value
after minorities, in € millions

	Life & Health[3]		Property & Casualty[4]		Total		Change over period
	2008	2007	2008	2007	2008	2007	
Free surplus	244	300	189	451	433	751	-42%
Required capital	367	365	648	567	1,015	932	9%
Adjusted net asset value	611	665	837	1,018	1,448	1,683	-14%
Present value of future profits	657	896	n/a	n/a	657	896	-27%
Cost of options and guarantees	-129	-44	n/a	n/a	-129	-44	194%
Frictional Cost of required capital	-69	-81	n/a	n/a	-69	-81	-15%
Cost of residual non-hedgeable risk	-50	-62	n/a	n/a	-50	-62	-19%
Value of business in-force	409	708	n/a	n/a	409	708	-42%
GEV / EV	**1,020**	**1,374**	**837**	**1,018**	**1,857**	**2,391**	**-22%**

Table 3: GEV after minorities

The GEV as at December 31, 2007 have been restated due to the following issues:

- To be consistent with the Standard & Poors capital requirement for an A rating, the Required Capital for UNIQA Personenversicherungen AG was set equal to a level of 150% of the statutory solvency margin.
- In line with MCEV principles UNIQA changed its methodology for calculating costs of non-hedgeable risks that are not already covered in the FOG or PVFP. Therefore the position of cost of non market risk is replaced by the position of CRNHR.
- EV for Austrian Health business was improved to market consistent methodology.
- Improvement of the scope, EV for the Life business in Poland has been calculated for the first time.
- Improvements in the allocation methodology of the ANAV shifted EUR 44mn (before minorities) from Life & Health to the Property & Casualty business.
- Improved modeling of the management rules in stochastic models increased FOG.

Whereas the Required Capital developed in line with the development of the underlying business the decrease of Free Surplus is driven by economic variances within 2008.

The drop in VIF to EUR 605mn before minorities is, as can be seen in section 2.4, attributable to an economic variance of EUR –547mn. However, operating EV earnings remain strong (EUR 202mn increase in VIF).

3 The EEV has not been calculated for all the Life & Health businesses in the Group. The IFRS equity for the Life & Health businesses excluded from the scope of the EEV and EV calculations is shown under the column Property & Casualty.

4 Includes the IFRS equity for the Life & Health businesses excluded from the scope of the EEV and EV calculations (less than 1% of the Austrian – and 21% of the Italian and CEE – Life & Health businesses based on earned premium.

2.2 Return on GEV

The following table shows the return on GEV 2008 after minorities, calculated on the restated and adjusted GEV of 2007.

Return on embedded value
after minorities, in € millions

	2008	2007
GEV as at 31 December	1,857	2,518
GEV as at 31 December previous year, reported	2,518	2,178
GEV as at 31 December previous year, restated	2,391	2,175
GEV as at 31 December previous year, restated and adjusted	2,330	2,134
Dividends	60	42
Return on GEV	-473	384
as a %	-19.8%	17.7%

Table 4: Return on embedded value

The adjustment in the restated and adjusted figures in the table above remove the dividends 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 2008 less the new business strain, the cost of capital for the EV business or the FOG, FCRC and CRNHR for the EEV business. 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 2008 has been calculated for the main Life & Health businesses in Austria, Italy, the Czech Republic, Slovakia, Hungary and Poland. The new business value for 2007 has been restated to be consistent with the scope and methodology used for 2008.

New business value
in € millions

	before minorities			after minorities		
	2008	2007 *)	change in 2008	2008	2007 *)	change in 2008
New business value	**51**	**67**	**-23.1%**	**40**	**53**	**-25.0%**
Annual premium equivalent (APE)	297	264		242	233	
New business margin (as % APE)	17.2%	25.2%		16.4%	22.8%	
Present value of new business premiums (PVNBP)	2,507	2,298		2,003	1,993	
New business margin (% of PVNBP)	2.0%	2.9%		2.0%	2.7%	

*) restated results for 2007

Table 5: New business value

UNIQA

UNIQA Group's NBV was adversely effected by financial market conditions as at December 31, 2008 and decreased by 23.1% to EUR 51mn. As a result new business margins decreased to 2.0% measured as a percentage of PVNBP. New business volumes strongly increased within 2008 due to the high demand for life insurance products in CEE.

The NBV 2007 was restated to include the Polish entity. The life business in Poland is mainly driven by short term single premium contracts with low new business margins. Therefore the increase in new business volume as at December 31, 2007 compared to figures reported in 2007, is a result of the increased scope while the higher NBV of EUR 67mn (+8mn compared to NBV 2007 reported) is a result of improved margins in other CEE companies.

2.4 Analysis of change

The following table show the analysis of change in the EV and EV for the Life & Health business before minority interests.

Analysis of change
before minorities, in € millions

	Free Surplus	Required Capital	VIF	EV
Opening EV as at 31 December 2007, reported	**524**	**380**	**1,145**	**2,048**
Opening EV as at 31 December 2007, restated	**401**	**465**	**950**	**1,816**
Capital and dividend flows	*-18*	*0*	*0*	*-18*
Foreign exchange variances	*0*	*0*	*-1*	*-1*
Acquired/Divested businesses	*0*	*0*	*0*	*0*
Opening adjustments	-18	0	-1	-19
Adjusted Opening EV as at 31 December 2007	**383**	**465**	**949**	**1,797**
New business value	-49	25	75	51
Expected existing business contribution *(reference rate)*	28	2	59	89
Expected existing business contribution *(in excess of ref. rate)*	4	0	25	29
Transfer from VIF and required capital to free surplus	95	-15	-80	0
Experience variances	8	4	15	27
Assumption changes	1	-1	105	105
Other operating variance	11	-11	3	4
Operating EV earnings	**99**	**4**	**202**	**306**
Economic variances	-199	-3	-547	-749
Other non operating variance	3	0	0	3
Total EV earnings	**-98**	**2**	**-344**	**-441**
Closing Adjustments	5	0	0	5
Closing EV as at 31 December 2008	**290**	**467**	**605**	**1,362**

Table 6: Analysis of change (Life & Health business)

Key issues of restatement and initial adjustments (as mentioned in 2.1):

- Shift of EUR 83mn from FS to RC as the level of Required Capital for UNIQA Personenversicherung AG is set to 150% of statutory solvency requirement consistent with the Standard & Poors requirement for an A rating.
- Improvements in the allocation methodology of the ANAV shifted EUR 44mn from Life & Health to the Property and Casualty business.
- Improvement to market consistent methodology for Austrian Health business, improved modeling of the management rules in stochastic life models and the new methodology for the cost of non-hedgeable risks decreased the VIF (EUR –195mn).
- The opening adjustment is split into a dividend payment of EUR –18mn and foreign exchange variance of EUR –1mn.

Key issues of operating EV earnings:

- The **NBV** as at point of sale written in the year 2008 is EUR 51mn. The negative impact on free surplus is due to non-deferral acquisition expenses.

- The **expected existing business contribution earning on reference rates** is EUR 89mn. It shows the unwind at the reference rate for the VIF and the return on the ANAV at the reference rate after tax. The increase in EV can be explained as all future profits now require one year less discounting.

  This step also includes the release of the FOG for the first year of projection.
- The impact of the **expected existing business contribution in excess of reference rates** is EUR 29mn. This step shows the management's expectation of the additional investment earnings above the reference rates. Therefore for EEV companies the risk premiums for asset classes (e.g. equity), based on assumptions in the real world capital market model, are expected to arise in 2008 while the further projection is based on an arbitrage-free stochastic projection.
- **Transfer from VIF and required capital to free surplus** reduces the VIF by EUR 80mn as this represents the expected net profit projected for 2008 from the existing business in-force. RC decreased as the impact of initial capital binding for new business and increased reserves does not exceed the effect of expired policies. In total there is no effect on the EV as the change in VIF and RC is transferred to the Free Surplus.

- The **experience variance** for the year is EUR 27mn. In this step the deviations from expected to actual non-economic assumptions (e.g. lapse assumptions) are measured. This year's experience variance can be mainly explained by unanticipated contract renewals in the Austrian Life business.

- **Assumption changes** have a strong positive impact (EUR 105mn) on the total operating EV earnings. This item covers all non-economic assumption changes that occur during the year. The main impact arises from a change in claim assumptions in the Austrian Health business, because experienced claims in 2008 were significant lower than projected in 2007.

- **Other operating variance** covers all operating changes not covered in the other items and is in total EUR 4mn. Issuance of subordinated debt resulted in a shift of EUR 11mn from RC to FS.

Key issues of non-operating EV earnings:

- The **economic variance** covers impacts arising from the developments on the financial markets. Due to economic crisis in 2008 this item is the most significant within the analysis of change.

Lower reference rates, the increase in implied swaption and equity volatilities as well as the decrease in unrealized capital gains affected the VIF by EUR –547mn. Both the PVFP and the FOG are strongly affected by the change in the economic conditions. As shown in table Table 2 the FOG increased to EUR –154mn (before minorities).

Including effects on the ANAV the total economic variance is EUR –749mn.

- **Other non operating variance** measures impacts arising from mandatory local regulatory changes. An increase in a reserve fund resulted in a EUR 3mn increase in EV 2008.

Due to the strong impact by economic variance the total EV earnings is summarized to EUR –441mn in total.

The **closing adjustment** of EUR 5mn is due to a capital increase in CEE.

2.5 Sensitivities

The setting of assumptions used for EV calculations is based on using best estimates, therefore sensitivity analysis is an important part of the total supplementary information. The analysis assumes the same management actions and policyholder behaviour as for the base case of EV calculation. As sensitivities are generally correlated one should note that the sum of two sensitivities will not be the same as if events occur simultaneously.

The following table shows the sensitivity, split by economic, non-economic and additional factors, of the EV and NBV (Life & Health) as at December 31, 2008 to changing various assumptions.

Sensitivities before minorities, in € millions	Change in embedded value		Change in new business value	
Base value	**1,362**	100%	**51**	100%
EV change by economic factors				
Risk free yield curve -100bp	-673	-49%	-26	-51%
Risk free yield curve +100bp	400	29%	12	24%
Equity and property market values -10%	-209	-15%	0	0%
Equity and property implied volatilities +25% *)	-17	-1%	0	-1%
Swaption implied volatilities +25% *)	-68	-5%	-3	-7%
EV change by non-economic factors				
Maintenance expenses -10%	43	3%	5	10%
Lapse rates -10%	7	0%	2	3%
Mortality for assurances -5%	16	1%	2	4%
Mortality for annuities -5%	-5	0%	0	-1%
Required Capital equal to local solvency capital	14	1%	1	1%
Additional sensitivity				
Liquidity premium -50bp *)	-369	-27%	-11	-22%
Liquidity premium +50bp *)	288	21%	9	17%
Profit sharing (for Austrian Life business) +5%	-73	-5%	-4	-9%

*) These sensitivities have not been calculated for the EV.

Table 7: Sensitivities for the EV and NBV

Key figures of 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. For EV sensitivity the change in risk free rate is linked to a corresponding change in risk discount rates.

  The asymmetric effect of a parallel shift in both directions is caused by traditional life business, which is the major part of the evaluated business, where profits have to be shared with the policyholder but losses are born by the shareholder due to the existence of guarantees.

  Due to the fact that reference rates decreased significantly within 2008, the risk of incurring losses increased significantly. The decrease of 100bps to the risk free yield curve reduces the EV by EUR 673mn or -49%. Compared to 2007, where the sensitivity showed a decrease of EUR 289mn or -12%, the effect of this sensitivity strongly increased.
- **Decrease of 10% in equity and property market values (at the valuation date)**
  Due to a decrease in unrealised capital gains on these asset classes as a consequence of economic crisis in 2008, the impact of this sensitivity increased compared to 2007. The EV decreases by EUR 209mn or -15%. 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 17mn or 12%. In total this sensitivity is not significant (-1% of EV).
- **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 68mn or 45% (in total this reduces the EV by 5%).

Key figures of non-economic sensitivities:

- **10% decrease in maintenance expenses**
  The impact of a 10% decrease in the projected expenses is an increase in EV by EUR 43mn 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 materially asymmetrical.
- **10% decrease in lapse rates**
  The impact of a 10% proportionate decrease in the lapse rates is an increase in EV of EUR 7mn or 0.5%. For a 10% increase in lapse rates the effect is not materially asymmetric.
- **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 16mn 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 5mn or -0.4%.
- **Required capital set equal to local solvency capital requirement**
  This sensitivity is driven by the Austrian business as only UNIQA Personenversicherung 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. This results in an increase in EV by EUR 14mn or 1%.

As UNIQA used a liquidity premium of 50bps in determining the reference rates as at December 31, 2008, additional sensitivities are disclosed to show the impact on these items.

An additional sensitivity was performed to show the impact of increased profit sharing from 85% to 90% on Austrian Life business.

2.6 Reconciliation of IFRS equity to the Adjusted Net Asset Value

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

Reconciliation IFRS equity to ANAV
in € millions

	2008	2007 restated	2007
Consolidated IFRS equity	**1,458.8**	**1,532.2**	**1,532.2**
Goodwill and value of business in force for EEV / EV companies	-101,6	-109.6	-110.3
Differences in valuation of assets and liabilities	-98.3	-113.5	-128.4
Other differences	342.9	358.3	358.3
Additional value from non-quoted equity holdings	40.5	282.3	282.3
Adjusted net asset value before minority interest	**1,642.2**	**1,949.8**	**1,934.1**
Minority interests	-194.2	-266.5	-260.0
Adjusted net asset value after minority interest	**1,448.0**	**1,683.3**	**1,674.1**

Table 8: Reconciliation of IFRS equity

The consolidated IFRS equity is shown before minority interests. Goodwill and VBI are deducted in respect of the Life & Health businesses included in the scope of the EEV / EV calculations.

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”.

Other differences include the unrealized gains on property assets that are not shown at market value in the consolidated IFRS balance sheet.

Additional value from non-quoted equity holdings arises from the difference between the IFRS balance sheet values and the estimated market values – as disclosed in the statutory annual reports of the Group’s subsidiaries - at December 31, after adjusting for deferred tax.

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

3. Regional Analysis of Embedded Value

3.1 Overview

The following table shows the EEV and EV 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 Austrian business includes the Life & Health business of UNIQA Personenversicherung AG, Life business of Raiffeisen Versicherung AG and Life business of Finance Life Lebensversicherung AG.
- **Italy**
  The Italian business includes the Life business of UNIQA Previdenza and the Health business of UNIQA Assicurazioni.
- **Central Eastern Europe (CEE)**
  The CEE region contains the life companies in Czech Republic, Hungary, Poland and Slovakia.

Life companies not mentioned above as well as non-life companies are valued at equity under the ANAV for the property and casualty business.

Embedded Value by region
before minorities, in € millions

	2008				2007			
	Austria	Italy	CEE	Total	Austria	Italy	CEE	Total
Free surplus	238	39	14	290	355	34	13	401
Required capital	414	28	24	467	408	39	17	465
Adjusted Net Asset Value	652	67	38	757	763	73	30	866
Present value of future profits	778	58	77	913	1,054	61	75	1,191
Cost of options and guarantees	-152	0	0	-152	-54	0	0	-54
Frictional Cost of required capital	-71	-9	-8	-88	-84	-13	-6	-104
Cost of residual non-hedgeable risk	-69	0	0	-69	-83	0	0	-83
Value of business in-force	487	49	69	605	832	48	69	950
Life & Health EV	**1,139**	**116**	**107**	**1,362**	**1,595**	**122**	**99**	**1,816**
as a % of total Life & Health EV	83.6%	8.5%	7.9%	100.0%	87.8%	6.7%	5.5%	100.0%

Table 9: Embedded Value by region

The economic crisis had its major impact on the EV for the Austrian region. Due to the use of market consistent methodology for all Austrian companies, lower reference rates had a significant impact and decreased the PVFP to EUR 778mn and the total Life & Health EEV decreased to EUR 1,139mn or -29%. The change in PVFP for business in Italy and CEE was marginal, therefore also Life & Health EV for these regions remained stable in 2008.

As an overall consequence of developments on financial markets (lower reference rates, higher volatilities, decreased unrealised capital gains) the FOG increased to EUR -152mn.

The following table shows the NBV 2008 and 2007 restated for the Life & Health business split by regions before minority interests.

New business value by region before minorities, in € millions	Austria	Italy	CEE	Total
Value of new business 2008	**36**	**3**	**12**	**51**
Annual premium equivalent (APE)	198	34	65	297
New business margin (as % APE)	18.1%	9.8%	18.6%	17.2%
Present value of new business premiums (PVNBP)	1,716	268	523	2,507
New business margin (% of PVNBP)	2.1%	1.2%	2.3%	2.0%
Value of new business 2007 (restated)	**48**	**4**	**15**	**67**
Annual premium equivalent (APE)	186	36	42	264
New business margin (as % APE)	25.6%	10.7%	35.7%	25.2%
Present value of new business premiums (PVNBP)	1,653	301	344	2,298
New business margin (% of PVNBP)	2.9%	1.3%	4.4%	2.9%

Table 10: New business value by region

The decrease in new business margins for the Austrian companies is caused by the changed economic environment as at year end 2008. NBV decreased to EUR 36mn (before minorities). New business volumes remained stable.

For the Italian business the new business margins as well as the new business volumes decreased slightly but are in general comparable to the Italian market.

Polish life insurance business has an exceptional impact on new business margins: As mentioned in 2.3 the actual Life business in Poland is mainly driven by short term single premium contracts with low new business margins. The portion of new business volumes in Poland in 2008 is around 45% of APE or 53% of PVNBP in CEE. Therefore the new business margin of CEE in total is mainly driven by the low margins in Poland. The decrease in margin in CEE is a result of a strong growth of new business volumes in Poland. Compared to 2008, the portion of new business volumes in 2007 was 17% of APE or 19% of PVNBP of total CEE new business volumes. New business margins in other CEE countries reach up to 8%.

3.2 Austria

All Austrian companies in the scope of GEV were on the basis of market consistent methodology compliant with EEV principles. The economic crisis significantly impacted the Austrian EEV. The Life & Health EEV for Austria decreased from EUR 1,595mn in 2007 (on a restated basis) to EUR 1,139mn in 2008 and the NBV reduced from EUR 48mn in 2007 (on a restated basis) to EUR 36mn in 2008.

3.2.1 Analysis of change

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

Analysis of change - Austria
before minorities, in € millions

	Free Surplus	Required Capital	VIF	EEV
Opening EEV as at 31 December 2007, reported	**481**	**326**	**1,057**	**1,864**
Opening EEV as at 31 December 2007, restated	**355**	**408**	**832**	**1,595**
Capital and dividend flows	*-17*	*0*	*0*	*-17*
Foreign exchange variances	*0*	*0*	*0*	*0*
Acquired/Divested businesses	*0*	*0*	*0*	*0*
Opening adjustments	-17	0	0	-17
Adjusted Opening EEV as at 31 December 2007	**337**	**408**	**832**	**1,578**
New business value	-33	14	54	36
Expected existing business contribution *(reference rate)*	27	0	54	80
Expected existing business contribution *(in excess of ref. rate)*	3	0	21	25
Transfer from VIF and required capital to free surplus	76	-13	-63	0
Experience variances	4	7	19	29
Assumption changes	1	-1	104	104
Other operating variance	0	0	-4	-4
Operating EEV earnings	**77**	**8**	**185**	**270**
Economic variances	-179	-2	-531	-712
Other non operating variance	3	0	0	3
Total EEV earnings	**-100**	**6**	**-345**	**-439**
Closing Adjustments	0	0	0	0
Closing EEV as at 31 December 2008	**238**	**414**	**487**	**1,139**

Table 11: Analysis of change – Austria

The increase of EUR 83mn to the restated RC as at year-end 2007 results from increasing the RC for UNIQA Personenversicherungen AG to a level of 150% (2007 reported: 100%) of the statutory solvency margin to be consistent with the Standard & Poors capital requirement for an A rating.

The change to market consistent methodology for Austrian Health business as well as approved modeling of management rules for the Life business lead to a decreased restated VIF of EUR 832mn as at year end 2007.

NBV for Austrian Life & Health business is EUR 36mn, allowing for a new business strain of EUR 19mn. Operating EEV earnings remained strong (EUR 270mn in total EEV).

The impact of economic crisis results in an economic variance of EUR -712mn.

3.2.2 Sensitivities

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

Sensitivities - Austria before minorities, in € millions	Change in embedded value		Change in new business value	
Base value	**1,139**	100%	**36**	100%
EEV change by economic factors				
Risk free yield curve -100bp	-667	-59%	-26	-74%
Risk free yield curve +100bp	401	35%	13	36%
Equity and property market values -10%	-206	-18%	0	0%
Equity and property implied volatilities +25% *)	-17	-2%	0	-1%
Swaption implied volatilities +25% *)	-68	-6%	-3	-9%
EEV change by non-economic factors				
Maintenance expenses -10%	34	3%	4	10%
Lapse rates -10%	6	1%	2	6%
Mortality for assurances -5%	14	1%	2	4%
Mortality for annuities -5%	-4	0%	0	-1%
Required Capital equal to local solvency capital	14	1%	1	2%
Additional sensitivity				
Liquidity premium -50bp	-369	-32%	-11	-32%
Liquidity premium +50bp	288	25%	9	24%
Profit sharing (for Life business) +5%	-73	-6%	-4	-12%

*) for stochastic calculations only

Table 12: Sensitivities - Austria

The change in reference rates due to the changed economic environment as at year-end 2008 has a significant impact on EEV as well as on NBV. 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 parallel downward shift of the risk free yield curve of 100bps results in a decrease of EEV by EUR 667mn or –59% and is therefore the most significant sensitivity.

A decrease of 10% in maintenance expenses has the strongest impact among the non-economic sensitivities and increases the EEV by EUR 34mn or 3% and the NBV by EUR 4mn or 10%.

The Required Capital for UNIQA Personenversicherung AG equals 150% of statutory solvency requirement. Setting the RC to 100% has a positive impact on the EEV by decreasing the FCRC by EUR 14mn.

3.3 Italy

Italian companies in the scope of GEV were valued on the basis of EV. The Life & Health EV for Italy decreased slightly from EUR 122mn (on a restated basis) to EUR 116mn, including a VNB of EUR 3mn.

3.3.1 Analysis of change

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

Analysis of change - Italy
before minorities, in € millions

	Free Surplus	Required Capital	VIF	EV
Opening EV as at 31 December 2007, reported	**33**	**39**	**37**	**109**
Opening EV as at 31 December 2007, restated	**34**	**39**	**48**	**122**
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 EV as at 31 December 2007	**34**	**39**	**48**	**122**
New business value	-4	2	5	3
Expected existing business contribution *(reference rate)*	1	1	2	5
Expected existing business contribution *(in excess of ref. rate)*	1	0	1	2
Transfer from VIF and required capital to free surplus	11	-2	-9	0
Experience variances	4	-2	0	1
Assumption changes	0	0	-1	-1
Other operating variance	11	-11	4	4
Operating EV earnings	**23**	**-12**	**2**	**14**
Economic variances	-18	0	-2	-20
Other non operating variance	0	0	0	0
Total EV earnings	**5**	**-12**	**1**	**-6**
Closing Adjustments	0	0	0	0
Closing EV as at 31 December 2008	**39**	**28**	**49**	**116**

Table 13: Analysis of change - Italy

The increase in restated VIF to EUR 48mn as at year end 2007, results from improved modelling of life insurance business.

Operating EV earnings are EUR 14mn. The effect of the issuance of subordinated debt in 2008 is shown under other operating variance (shift from RC to FS and decrease of FCRC by EUR 4mn).

The impact of economic crisis results in an economic variance of EUR -20mn, where the major impact results from a decrease in unrealised capital gains (EUR –18mn in FS).

As economic variance exceeds operating EV earnings the total EV earnings are EUR –6mn and lead to a total EV as at December 31, 2008 of EUR 116mn.

3.3.2 Sensitivitites

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

Sensitivities - Italy before minorities, in € millions	Change in embedded value		Change in new business value	
Base value	**116**	100%	**3**	100%
EV change by economic factors				
Risk free yield curve -100bp	-1	-1%	0	-6%
Risk free yield curve +100bp	0	0%	0	0%
Equity and property market values -10%	-2	-2%	0	0%
EV change by non-economic factors				
Maintenance expenses -10%	3	2%	0	9%
Lapse rates -10%	-1	-1%	0	-9%
Mortality for assurances -5%	1	0%	0	4%
Mortality for annuities -5%	0	0%	0	0%
Required Capital equal to local solvency capital	0	0%	0	0%

Table 14: Sensitivities – Italy

3.4 Central Eastern Europe (CEE)

The CEE companies in the scope of GEV were valued on the basis of EV. The Life & Health EV for CEE increased from EUR 99mn (on a restated basis) to EUR 107mn, including a VNB of EUR 12mn.

3.4.1 Analysis of change

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

Analysis of change - CEE
before minorities, in € millions

	Free Surplus	Required Capital	VIF	EV
Opening EV as at 31 December 2007, reported	**10**	**15**	**51**	**75**
Opening EV as at 31 December 2007, restated	**13**	**17**	**69**	**99**
Capital and dividend flows	*-1*	*0*	*0*	*-1*
Foreign exchange variances	*0*	*0*	*-1*	*-1*
Acquired/Divested businesses	*0*	*0*	*0*	*0*
Opening adjustments	-1	0	-1	-2
Adjusted Opening EV as at 31 December 2007	**12**	**17**	**68**	**97**
New business value	-11	8	15	12
Expected existing business contribution *(reference rate)*	0	0	4	4
Expected existing business contribution *(in excess of ref. rate)*	0	0	2	3
Transfer from VIF and required capital to free surplus	8	-1	-7	0
Experience variances	1	0	-3	-3
Assumption changes	0	0	2	2
Other operating variance	0	0	3	3
Operating EV earnings	**-2**	**8**	**15**	**21**
Economic variances	-2	-1	-14	-17
Other non operating variance	0	0	0	0
Total EV earnings	**-3**	**7**	**0**	**4**
Closing Adjustments	5	0	0	5
Closing EV as at 31 December 2008	**14**	**24**	**69**	**107**

Table 15: Analysis of change – CEE

The restated EV as at year-end 2007 of EUR 99mn results from improved modelling and the increased scope as the Life business in Poland has been included.

Operating EV earnings are EUR 21mn, including a new business value of EUR 12mn.

As a consequence of economic crisis in 2008 reference rates in CEE decreased significantly (see Table 18). This impact results in an economic variance of EUR -17mn, of which the VIF decreases by EUR –14mn. The small decrease in Required Capital is caused by a decrease in fund values of unit linked business which are directly linked to the calculation of solvency capital requirement.

A capital increase of EUR 5mn, shown under closing adjustments, leads to a total EV of EUR 107mn as at December 31, 2008.

3.4.2 Sensitivities

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

Sensitivities - CEE before minorities, in € millions	Change in embedded value		Change in new business value	
Base value	**107**	100%	**12**	100%
EV change by economic factors				
Risk free yield curve -100bp	-4	-4%	1	5%
Risk free yield curve +100bp	-1	-1%	-1	-5%
Equity and property market values -10%	-1	-1%	0	0%
EV change by non-economic factors				
Maintenance expenses -10%	7	6%	1	9%
Lapse rates -10%	2	2%	0	0%
Mortality for assurances -5%	2	2%	0	2%
Mortality for annuities -5%	-1	-1%	0	-1%
Required Capital equal to local solvency capital	0	0%	0	0%

Table 16: Sensitivities - CEE

4. Methodology

The GEV is the total of the adjusted net asset value and, in respect of the covered in-force business, the value 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 EEV and EV 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 Personenversicherung AG, Raiffeisen Versicherung AG and FinanceLife Lebensversicherung AG; the Life & Health businesses in Italy written by UNIQA Assicurazioni and UNIQA Previdenza; 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. We set the economic assumptions centrally which are then used in the calculations by the operating entities. All results submitted to our headquarters are signed off by the local chief actuary and reviewed by B&W Deloitte GmbH, Cologne.

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 EEV and EV calculations is defined as:

- the shareholders' funds under the local accounting bases including the profits 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 EEV or EV 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 EEV or EV calculations is defined as:

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

UNIQA Personenversicherung AG (UPV) 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 UPV, Health) on the basis of the statutory balance sheets. It is possible to transfer assets between the operating segments at book value.

The Group has a small number of non quoted equity holdings that have been reflected in the consolidated IFRS balance sheet on the basis of their adjusted IFRS equity. On the basis of market consistent valuations or of valuations carried out recently by external experts, the Directors of the Group have concluded that the current estimated market values, and also the historic market values in 2007 and 2008 of these equity holdings are higher than the values shown in the consolidated IFRS balance sheets. These estimated market values are disclosed in the 2008 statutory annual reports of the Group's subsidiaries.

The differences between the IFRS balance sheet values and the disclosed market values as at December 31, 2007 and December 31, 2008 after adjusting for minority interests and deferred tax, are fully included in the ANAV for the Property and Casualty segment. As at December 31, 2008 and 2007 a part of these holdings were allocated to the Austrian Life & Health businesses. The additional value from these equity holdings amounts to EUR 40.5mn at December 31, 2008 and EUR 282.3mn at December 31, 2007 before minority interest. The reduction is due to the reduction and replenishment of the participation in one of these equity holdings accompanied by the decline in values through the economic crisis.

The unrealized capital gains on the assets within the Property and Casualty and Health businesses have been fully allocated to the shareholders and have been included in the ANAV after deducting deferred tax. The unrealized capital gains on property assets for the Austrian Life businesses that are included in the IFRS balance sheet at amortised cost are included fully in the ANAV after deducting deferred tax. It has been assumed that these assets can be transferred to the P&C segment at book value. The balance of the unrealized gains for the Austrian Life businesses have been split between the ANAV and the VIF on the basis of the book value of the liabilities (i.e. the remaining unrealized capital gains backing the policyholder reserves are allocated to the VIF). The allocation of the unrealized capital gains to the ANAV for the non-Austrian Life businesses reflects the local statutory requirements.

Free Surplus is defined as difference between ANAV and Required Capital. Required Capital is defined as the statutory solvency margin requirement by each company of the group and is shown net of policyholder funds and subordinated debt. In respect of UNIQA Personenversicherung AG, which is ‘A’ / stable / - rated by Standard & Poors, it is 150% of the statutory solvency margin requirement.

The statutory solvency margin requirements for the Life & Health businesses included in the scope of the EEV and EV calculations were EUR 613.0mn at December 31, 2008 and EUR 609.7mn at December 31, 2007. A part of the solvency margin requirements can be covered by subordinated loans.

4.3 Value of In-Force and 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 VIF for the Austrian 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 VIF for the Life & Health businesses Italy and the Life businesses in the Czech Republic, Slovakia, Hungary and Poland are determined by projecting cash flows using best estimate investment return assumptions. The resulting projected shareholder profits are discounted at risk discount rates that include a margin to cover aggregate risks (including the FOG).

The FOGs are valued explicitly for the conventional life products in Austria as the difference between the “stochastic” VIF and the “certainty equivalent” VIF. The “stochastic" VIF 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 interest rates and equity returns. The economic scenarios and the corresponding scenario-specific discount rates are market consistent, i.e. they are calibrated to the market prices of a range of capital market instruments at the valuation date.

4.4 Frictional Cost of Required Capital and Cost of Capital

The FCRC for the EEV companies 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 Cost of Capital (CoC) for the EV companies (i.e. companies not on a EEV basis) has been calculated as the present value of the difference between the risk discount rate and the after-tax investment return to shareholders applied to the proportion of the total Required Capital covered by the shareholders' funds.

The same definitions for the FCRC and CoC have been applied for the in force business and the new business.

4.5 Cost of residual non-hedgeable risk

The CRNHR, that have only been determined for the EEV businesses, allow 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 covered business companies. 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.

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

The economic and operating assumptions used for the calculations are shown below.

5.1 Economic assumptions

The following tables show the main economic assumptions for the EEV and EV calculations. The reference rates for 2008 include a liquidity risk premium of 50 bps.

reference rates EUR		
	2008	2007
1 year	3.18%	4.74%
5 years	3.76%	4.56%
10 years	4.30%	4.75%
15 years	4.48%	4.92%
20 years	4.40%	4.94%
25 years	4.16%	4.97%

Table 17: Euro reference rates as at 31 December

	Assumptions for EV calculations					
	2008			2007		
	risk discount rate	15 year swap yield	average reinvest-ment rate	risk discount rate	15 year swap yield	average reinvest-ment rate
UPV Assicurazioni, Health	7.50%	3.92%	4.54%	7.50%	4.78%	4.97%
UNIQA Previdenza, Life	7.50%	3.92%	4.50%	7.50%	4.78%	4.65%
UNIQA CZ	8.00%	3.37%	3.71%	8.00%	4.87%	4.19%
UNIQA HU	11.50%	6.98%	6.98%	11.50%	6.89%	7.47%
UNIQA SK	9.00%	3.88%	4.53%	9.00%	4.77%	4.42%
UNIQA PL	9.00%	4.32%	4.33%	9.50%	5.85%	5.88%

Table 18: Economic Assumptions for EV calculations

Other economic assumptions		
	2008	2007
Interest rate volatility *) **)	14.13%	12.50%
Equity volatility **)	31.60%	27.36%
Expense / medical inflation	2% / 2% - 3%	2% / 2% - 3%
Tax rate (Austria / Italy)	25% / 32,4%	25% / 32,4%

*) 5 to 5 implied swaption volatility
**) 2008 volatility assumptions are based on average rates over 2008

Table 19: Other economic assumptions

	Exchange rate		Tax rate	
	2008	2007	2008	2007
UPV Assicurazioni, Health	-	-	32.40%	32.40%
UNIQA Previdenza, Life	-	-	32.40%	32.40%
UNIQA CZ	26.88	26.63	21% - 19%	21% - 19%
UNIQA HU	266.70	253.73	20% + 2,3% *)	20% + 2,3% *)
UNIQA SK	30.13	33.58	19.00%	19.00%
UNIQA PL	4.15	3.59	19.00%	19.00%

*) Muncipal Tax & innovation fee

Table 20: 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. Although the Life companies in Austria have used more than 85% of the gross surplus in 2006, 2007 and 2008 to finance the profit share rates declared for 2007, 2008 and 2009, it has been assumed, that in the future only 85% of the surplus 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 80% of the difference between the projected investment returns and the technical interest rates. The corresponding assumption for the Italian life business is 80% of the projected investment returns after deducting the technical interest rates.

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. Hannes Bogner
Mitglied des Vorstands
UNIQA Versicherungen AG
Untere Donaustraße 21

1029 Wien
Österreich

27 May 2009

Dear Herr Bogner,

Review of Group Embedded Value of UNIQA Versicherungen AG as at 31 December 2008

We have reviewed the Statements of Group Embedded Value (the "Statements") of UNIQA Versicherungen AG ("the Group") as set out in the Group's "Supplementary information on UNIQA Versicherungen AG's Group Embedded Value results for 2008".

These Statements comprise:

- the European Embedded Values of the main Life and Health insurance businesses in Austria as at 31 December 2007 and 31 December 2008 and the Embedded Value of the Life and Health businesses in Italy, the Czech Republic, Slovakia, Hungary and Poland together with the value of new business generated, the sensitivities and the analysis of change during the year 2008;
- the Adjusted Net Asset Values as at 31 December 2007 and 31 December 2008 for the Property and Casualty insurance businesses and the Life and Health insurance businesses excluded from the scope of the European Embedded Value or Embedded Value calculations.

The scope of our review covered the methodology adopted together with the assumptions and calculations made by the Group in relation to the European Embedded Values for the main Austrian Life and Health businesses, the Embedded Values for the Hungarian, Czech, Slovakian, Polish and Italian Life and Health businesses and also the calculations made by the Group in relation to the Group Embedded Value. The Adjusted Net Asset Values 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. In the case of the Property and Casualty businesses the Adjusted Net Asset Values allow for additional value arising from the difference between the Directors' estimates of the market value of a small number of non-quoted equity holdings and the values for these holdings in the Group's consolidated IFRS accounts. The Adjusted Net Asset Values for the businesses excluded from the scope of the European Embedded Value or Embedded Value calculations have also been excluded from the scope of our review.

These Statements of Group Embedded Value and the assumptions underlying them are the sole responsibility of the Board of Directors of the Group. They have been prepared by the Group on the basis of the Group'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 have been compiled free of significant error. 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 Values necessarily makes numerous assumptions with respect to economic conditions, operating conditions, taxes, and other matters, many of which are beyond the Group'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. 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.

In our opinion with the exception of the limitation and comments stated below, and based on the scope of our review as set out above,

- the methodology and assumptions used to calculate the European Embedded Values in respect of the main Austrian Life and Health businesses are reasonable and compliant with the European Embedded Value Principles set out by the CFO Forum in May 2004 (the "CFO Forum Principles");
- the methodology and assumptions used to calculate the Embedded Values in respect of the Life and Health businesses in Italy, the Czech Republic, Slovakia, Hungary and Poland are reasonable; and
- the Group Embedded Value has been properly compiled on the basis of the methodology and assumptions chosen by the Group.

In Austria the rules for minimum profit sharing in respect of participating life insurance business require that at least 85% of the surplus arising from participating business has to be used for profit sharing. Since the introduction of the minimum profit sharing rules in 2006 the Group companies in Austria have used more than 85% of the surplus for the profit share rates declared for 2007, 2008 and 2009. Management has assumed that in the future only 85% of the surplus will be used for profit sharing. Should actual profit share declaration exceed 85% of the surplus then this could have a negative impact on the future development of the Group Embedded Value.

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.

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 (CoRNHR)	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.
European Embedded Value (EEV)	The EEV 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 (CoRNHR)
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
IFRS	International Financial Reporting Standards
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 2008 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" or "StochVIF")
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 (CoRNHR)

Table 21: Glossary and abbreviations

Table of Figures