UNIQA Versicherungen AG

Group Embedded Value 2009

Supplementary information on Group Embedded Value results for 2009

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1. Introduction

The European Embedded Value (or "EEV") 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 2009. Future new business is not included.

UNIQA's methodology for the Life & Health EEV is compliant with the CFO Forum's European Embedded Value Principles as published in May 2004 and the corresponding Guidance, and it includes a market-consistent approach. 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.

The European Insurance CFO Forum published the new Market Consistent Embedded Value Principles©[1] ("MCEV Principles") in June 2008 and an amended version in October 2009. 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 2009 Group Embedded Value (GEV) disclosure and plans to formally endorse the MCEV Principles in the future.

UNIQA Versicherungen AG last disclosed information on the Group Embedded Value for the business year 2008 in May 2009. This disclosure included the European Embedded Value 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, Hungary and Poland (CEE).

In line with the ongoing goal to continually improve the embedded value disclosure UNIQA improved the methodology for the Italian Life & Health businesses and the CEE Life businesses from EV to EEV. Details of the methodology are shown in section 4. The GEV includes the EEV of the covered businesses (as defined below), and the Group's Property and Casualty, the Life & Health Insurance companies excluded from the scope of the EEV results and other subsidiaries on the basis of their adjusted IFRS equity.

The results are shown separately for the regions Austria, Italy and CEE. The restatement of the 2008 GEV results allows for the methodology changes.

The following table shows the covered business included in the scope of the GEV reporting for which an EEV has been calculated:

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	European embedded value
	Italy	UNIQA Assicurazioni S.p.A.	Health	European embedded value
CEE	Slovakia	UNIQA poistovna a.s.	Life	European embedded value
	Czech Republic	UNIQA poijstovna a.s.	Life	European embedded value
	Hungary	UNIQA Bistosito Zrt.	Life	European embedded value
	Poland	UNIQA TU na Zycie S.A.	Life	European 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.

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

2. Summary of 2009 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 businesses and the Life & Health businesses excluded from the scope of the EEV calculations.

The ANAV is divided between:
- 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 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 2009 was positively affected by the financial market developments as well as operational improvements. The partial recovery of the financial markets and higher long term interest rates lead to an increase in the PVFP and a decrease in the value of options and guarantees. On the operational side, the reduction in expenses and stable new business have a significantly positive impact on the PVFP.

The following tables show the GEV results for the year ending December 31, 2009 and the restated GEV results for the year ending December 31, 2008. Table 2~~Table 2~~ contains the results before minority interests, whereas the results after minority interests are shown in Table 3~~Table 3~~.

Group Embedded Value
before minorities, in € millions

	Life & Health[2]		Property & Casualty[3]		Total		Change over period
	2009	2008	2009	2008	2009	2008	
Free surplus	78	218	368	226	446	443	1%
Required capital	479	467	701	685	1,180	1,151	2%
Adjusted net asset value	557	684	1,069	910	1,626	1,595	2%
Present value of future profits	1,676	1,161	n/a	n/a	1,676	1,161	44%
Cost of options and guarantees	-154	-164	n/a	n/a	-154	-164	-6%
Frictional Cost of required capital	-80	-77	n/a	n/a	-80	-77	4%
Cost of residual non-hedgeable risk	-84	-79	n/a	n/a	-84	-79	5%
Value of business in-force	1,359	840	n/a	n/a	1,359	840	62%
GEV / EV	**1,916**	**1,525**	**1,069**	**910**	**2,985**	**2,435**	**23%**

Table 2: GEV before minorities

2 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 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 EEV calculations (less than 1% of the Austrian – and 8% of the Italian and CEE – Life & Health businesses based on earned premium for 2009).-

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. 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		Property & Casualty		Total		Change over period
	2009	2008	2009	2008	2009	2008	
Free surplus	59	197	326	191	385	388	-1%
Required capital	383	366	636	647	1,019	1,012	1%
Adjusted net asset value	442	563	962	838	1,404	1,400	0%
Present value of future profits	1,208	832	n/a	n/a	1,208	832	45%
Cost of options and guarantees	-128	-143	n/a	n/a	-128	-143	-10%
Frictional Cost of required capital	-62	-59	n/a	n/a	-62	-59	5%
Cost of residual non-hedgeable risk	-64	-60	n/a	n/a	-64	-60	7%
Value of business in-force	954	571	n/a	n/a	954	571	67%
GEV / EEV	**1,396**	**1,133**	**962**	**838**	**2,358**	**1,971**	**20%**

Table 3: GEV after minorities

The GEV as at December 31, 2008 has been restated due to the following issues:

- In line with the ongoing goal to continually improve the quality of GEV calculations, UNIQA changed the EV methodology used for CEE countries to an EEV methodology with an explicit allowance for FOG, FCRC and CRNHR.
- The Italian Life and Health businesses moved from an EV to a market consistent methodology.
- Improvements to the allocation methodology used to determine the ANAV shifted EUR 68mn (before minorities) from the Life & Health ANAV to the Life & Health VIF.
- Improved modelling of future premium adjustments for the Health business increased the PVFP by EUR 139mn.

Required Capital and Free Surplus developed in line with the development of the underlying businesses.

Operating EEV earnings remained strong, as can be seen in section 2.4, and led to an increased VIF of EUR 1,359mn and an overall GEV of EUR 2,985mn 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 after minorities, in € millions	2009	2008
GEV as at 31 December	2,358	1,857
GEV as at 31 December previous year, reported	1,857	2,518
GEV as at 31 December previous year, restated	1,971	2,391
GEV as at 31 December previous year, restated and adjusted	1,919	2,330
Dividends	52	60
Return on GEV	439	-473
as a %	22.3%	-19.8%

Table 4: Return on embedded value

The adjustment in the restated and adjusted figures in the table above removes the dividends paid in the year being reported 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 2009 minus the new business strain, the 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 2009 has been calculated for the main Life & Health businesses in Austria, Italy, the Czech Republic, Slovakia, Hungary and Poland. The new business value for 2008 has been restated to be consistent with the scope and methodology used for 2009.

New business value in € millions	before minorities			after minorities		
	2009	2008 *)	change in 2009	2009	2008 *)	change in 2009
New business value	**77**	**67**	**14.3%**	**62**	**55**	**13.7%**
Annual premium equivalent (APE)	295	298		248	246	
New business margin (as % APE)	26.0%	22.6%		25.0%	22.1%	
Present value of new business premiums (PVNBP)	2,316	2,489		1,909	2,023	
New business margin (% of PVNBP)	3.3%	2.7%		3.2%	2.7%	

*) restated results for 2008

Table 5: New business value

UNIQA Group's NBV was affected by strong new business volumes in 2009 and increased by 14.3% to EUR 77mn. New business margins increased to 3.3% measured as a percentage of PVNBP. New business volumes by region are shown in section 3.

The NBV 2008 was restated due to the methodology changes which led to an increase in new business margins from 2.0% to 2.7%.

2.4 Analysis of change

The following table show the analysis of change for the covered Life & Health businesses before minority interests.

Analysis of change
before minorities, in € millions

	Free Surplus	Required Capital	VIF	EV
Opening EV/EEV as at 31 December 2008, reported	**290**	**467**	**605**	**1,362**
Opening EEV as at 31 December 2008, restated	**218**	**467**	**841**	**1,525**
Capital and dividend flows	*-11*	*0*	*0*	*-11*
Foreign exchange variances	*0*	*0*	*0*	*1*
Acquired/Divested businesses	*0*	*0*	*0*	*0*
Opening adjustments	-11	0	0	-10
Adjusted Opening EEV as at 31 December 2008	**207**	**467**	**841**	**1,515**
New business value	-57	27	107	77
Expected existing business contribution *(reference rate)*	15	1	54	70
Expected existing business contribution *(in excess of ref. rate)*	4	0	35	39
Transfer from VIF and required capital to free surplus	19	-25	6	0
Experience variances	-38	9	55	26
Assumption changes	0	0	162	162
Other operating variance	0	0	-1	-1
Operating EEV earnings	**-57**	**11**	**418**	**373**
Economic variances	-71	1	99	29
Other non operating variance	0	0	1	1
Total EEV earnings	**-128**	**12**	**518**	**403**
Closing Adjustments	-1	0	0	-1
Closing EEV as at 31 December 2009	**78**	**479**	**1,359**	**1,916**

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

Key elements of the restatement and initial adjustments:

- Improvements in the allocation methodology of the ANAV shifted EUR 68mn from Life & Health ANAV to the Life & Health VIF.
- Improved modelling of future premium adjustments for the Health business has a positive impact on the VIF of EUR 139mn.
- The methodology change for CEE countries to an EEV methodology has a minor impact. Improvement of the models regarding the scope of the modelled business leads to a positive effect on the VIF of EUR 18mn.
- The Italian Life & Health businesses changed to a market consistent methodology and this has a negative impact that largely offsets the positive effect from the CEE companies.

- The opening adjustment is split into a dividend payment of EUR –11mn and foreign exchange variance of EUR 1mn.

Key elements of the operating EEV earnings:

- The **NBV** as at point of sale written in the year 2009 is EUR 77mn. The negative impact on free surplus is due to non-deferral acquisition expenses.

- The **expected existing business contribution earning on reference rates** is EUR 70mn. 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 EEV results from all future profits now requiring 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 39mn. This step shows the impact on the shareholder of management's expectation of the additional investment earnings above the reference rates.

- **Transfer from VIF and required capital to free surplus** increases the VIF by EUR 6mn, the expected net loss projected for 2009 from the existing business in-force. The expected loss was due to the anticipated write-down of some asset values in 2009. RC decreased as the impact of initial capital required for new business and increase in reserves is lower than the capital released for maturing policies. In total there is no effect on the EEV as the change in VIF and RC is transferred to the FS.

- The **experience variance** for the year is EUR 26mn. In this step the deviations from expected to actual non-economic assumptions (e.g. lapse assumptions) are measured.

- **Assumption changes** have a strong positive impact (EUR 162mn) on the total operating EEV earnings. This item covers all non-economic assumption changes that occur during the year. The main impacts can be explained by the effects of ongoing expense reductions and improved claims management in the Austrian health business.

- **Other operating variance** covers all operating changes not covered in the other items and is in total EUR -1mn.

Key elements of the non-operating EEV earnings:

- The **economic variance** covers impacts arising from the development of the financial markets. The partial recovery of financial markets has an overall positive impact on the VIF but the Free Surplus reduced due to the write-downs that occurred in 2009.

  Higher long term reference rates, and decrease in unrealized capital losses had a positive effect on the VIF of EUR 99mn. The FOG decreased slightly due to the higher long term interest rates and lower asset volatilities. As shown in table Table 2~~Table 2~~ the FOG decreased to EUR –154mn (before minorities).

  Including the effects on the ANAV the total economic variance is EUR 29mn.

- The **Other non operating variance** measures impacts arising from mandatory local regulatory changes and was EUR 1mn.

The **closing adjustments** were EUR -1mn.

2.5 Sensitivities

The assumptions used for the EEV 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 EEV 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 EEV and NBV (Life & Health) as at December 31, 2009 to changing various assumptions.

Sensitivities
before minorities, in € millions

	Change in European embedded value		Change in new business value	
Base value	**1,916**	100%	**77**	100%
EEV change by economic factors				
Risk free yield curve -100bp	-449	-23%	-22	-28%
Risk free yield curve +100bp	238	12%	12	16%
Equity and property market values -10%	-183	-10%	-	-
Equity and property implied volatilities +25%	-5	0%	-1	-1%
Swaption implied volatilities +25%	-75	-4%	-5	-7%
EEV change by non-economic factors				
Maintenance expenses -10%	45	2%	4	5%
Lapse rates -10%	-13	-1%	6	8%
Mortality for assurances -5%	17	1%	2	2%
Mortality for annuities -5%	-3	0%	0	0%
Required Capital equal to local solvency capital	16	1%	0	1%
Additional sensitivity				
Liquidity premium -25bp	-145	-8%	-5	-6%
Liquidity premium +25bp	120	6%	3	4%
Profit sharing (for Austrian Life business) +5%	-68	-4%	-4	-6%

Table 7: Sensitivities for the EEV 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 asymmetric effect of a parallel shift in both directions is caused by traditional life business, which is the major part of the covered 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 higher long term reference rates in 2009, the risk of incurring losses decreased. The decrease of 100bps to the risk free yield curve reduces the EEV by EUR 449mn or -23%. Compared to 2008, where the sensitivity showed a decrease of EUR 673mn or -49%, the effect of this sensitivity strongly decreased.

- **Decrease of 10% in equity and property market values (at the valuation date)**
  Due to the partial recovery of financial markets within 2009, the unrealized capital losses on these asset classes decreased. This reduced the impact of this sensitivity compared to last year because the guarantees are further out-of-the-money. The EEV decreases by EUR 183mn or -10%. 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 5mn or 3%. In total this sensitivity is not significant (less than 1% of EEV).

- **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 75mn or 49% (in total this reduces the EEV by 4%).

Non-economic sensitivities:

- **10% decrease in maintenance expenses**
  The impact of a 10% decrease in the projected expenses is an increase in EEV by EUR 45mn or 2%. 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 a decrease in EEV of EUR 13mn or -1%. For a 10% increase in lapse rates the effect is not materially asymmetric. The main reason there is an overall decrease in EEV when the lapses decrease is due to the health business in Austria.

- **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 17mn 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 3mn or -0.2%.

- **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 the EEV of EUR 16mn or 0.8%.

As UNIQA used a liquidity premium of 25bps in determining the reference rates as at December 31, 2009, 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

	2009	2008 restated	2008
Consolidated IFRS equity	**1,565**	**1,459**	**1,459**
Goodwill and value of business in force for EEV companies	-108	-102	-102
Differences in valuation of assets and liabilities	-143	-107	-98
Other differences	298	304	343
Additional value from non-quoted equity holdings	14	41	41
Adjusted net asset value before minority interest	**1,626**	**1,595**	**1,642**
Minority interests	-222	-194	-194
Adjusted net asset value after minority interest	**1,404**	**1,400**	**1,448**

Table 8: Reconciliation of IFRS equity

The consolidated IFRS equity is shown before minority interests. Goodwill and 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”.

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 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 included in the GEV on the basis of their adjusted IFRS equity.

European Embedded Value by region
before minorities, in € millions

	2009				2008			
	Austria	Italy	CEE	Total	Austria	Italy	CEE	Total
Free surplus	42	14	22	78	169	34	15	218
Required capital	423	30	26	479	414	28	24	467
Adjusted Net Asset Value	466	44	48	557	584	61	39	684
Present value of future profits	1,483	73	120	1,676	1,016	40	105	1,161
Cost of options and guarantees	-138	-11	-5	-154	-151	-7	-7	-164
Frictional Cost of required capital	-75	-3	-3	-80	-72	-3	-2	-77
Cost of residual non-hedgeable risk	-72	-2	-9	-84	-68	-2	-9	-79
Value of business in-force	1,199	57	104	1,359	726	28	87	840
Life & Health EEV	**1,664**	**101**	**151**	**1,916**	**1,309**	**89**	**126**	**1,525**
as a % of total Life & Health EEV	86.8%	5.3%	7.9%	100.0%	85.9%	5.9%	8.3%	100.0%

Table 9: European embedded Value by region

The economic crisis in 2008 had a major impact on the EEV for Austria. This year there is a significant increase in PVFP in this region. The higher long term reference rates combined with positive operational performance increased the PVFP to EUR 1,483mn and the total Life & Health EEV increased to EUR 1,664mn or +27%.

The strong increase in PVFP for business in Italy is mainly driven by strong operating performance, in particular the value of new business and this is partially offset by the write-down of asset values in 2009.

The CEE business performance was positive due to the value of new business and higher reference rates as at December 31, 2009.

The following table shows the NBV 2009 and 2008 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 2009	**56**	**7**	**14**	**77**
Annual premium equivalent (APE)	212	30	53	295
New business margin (as % APE)	26.4%	23.6%	26.0%	26.0%
Present value of new business premiums (PVNBP)	1,683	197	435	2,316
New business margin (% of PVNBP)	3.3%	3.6%	3.2%	3.3%
Value of new business 2008 (restated)	**44**	**6**	**17**	**67**
Annual premium equivalent (APE)	198	34	65	298
New business margin (as % APE)	22.3%	18.5%	25.6%	22.6%
Present value of new business premiums (PVNBP)	1,670	264	555	2,489
New business margin (% of PVNBP)	2.6%	2.4%	3.0%	2.7%

Table 10: New business value by region

Overall new business volumes remained stable but changed across different regions. There was a slight increase in the Austrian new business volumes but the Italian and CEE new business volumes decreased. However, due to the improved economic conditions new business margins increased in all regions.

For the Italian business the methodology change to a market consistent valuation increased the NBV from EUR 3mn to EUR 6mn as at December 31, 2008 as well as the corresponding new business margins. Both Life and Health show increasing margins as an effect of higher long term reference rates.

Polish life insurance business continues to have an adverse impact on new business margins: The new 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 2009 is around 48% of the APE or 55% of the PVNBP in CEE. Therefore the new business margin of CEE in total is influenced by the low margins in Poland. New business margins in other CEE countries were as high as 8% of PVNBP.

3.2 Austria

The partial recovery of financial markets significantly impacted the Austrian EEV. The Life & Health EEV for Austria increased from EUR 1,309mn in 2008 (on a restated basis) to EUR 1,664mn in 2009 and the NBV increased from EUR 44mn 2008 (on a restated basis) to EUR 56mn in 2009.

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 2008, reported	**238**	**414**	**487**	**1,139**
Opening EEV as at 31 December 2008, restated	**169**	**414**	**726**	**1,309**
Capital and dividend flows	*-10*	*0*	*0*	*-10*
Foreign exchange variances	*0*	*0*	*0*	*0*
Acquired/Divested businesses	*0*	*0*	*0*	*0*
Opening adjustments	-10	0	0	-10
Adjusted Opening EEV as at 31 December 2008	**159**	**414**	**726**	**1,299**
New business value	-38	16	78	56
Expected existing business contribution *(reference rate)*	14	0	47	61
Expected existing business contribution *(in excess of ref. rate)*	3	0	33	36
Transfer from VIF and required capital to free surplus	18	-18	0	0
Experience variances	-41	10	56	26
Assumption changes	0	0	170	170
Other operating variance	0	0	-2	-2
Operating EEV earnings	**-44**	**8**	**383**	**347**
Economic variances	-73	1	90	18
Other non operating variance	0	0	0	0
Total EEV earnings	**-117**	**9**	**473**	**365**
Closing Adjustments	0	0	0	0
Closing EEV as at 31 December 2009	**42**	**423**	**1,199**	**1,664**

Table 11: Analysis of change – Austria

The decrease of EUR 68mn to the restated FS as at year-end 2008 results from improvements in the allocation methodology for unrealized gains and is only a shift between the ANAV and the VIF.

An improvement of the modelling of future premium adjustments for the Health business leads to an increased 2008 restated VIF of EUR 726mn.

NBV for Austrian Life & Health business is EUR 56mn, allowing for a new business strain of EUR 22mn. Operating EEV earnings remained strong (EUR 347mn in total EEV).

The partial recovery of financial markets leads to an economic variance of EUR 18mn in the EEV, made up of a negative impact from the asset write-downs in 2009 and a positive effect of the VIF from the higher long term interest rates and lower asset volatility.

Other key elements of the analysis of change are described in section 2.4.

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 European embedded value		Change in new business value	
Base value	**1,664**	100%	**56**	100%
EEV change by economic factors				
Risk free yield curve -100bp	-435	-26%	-17	-31%
Risk free yield curve +100bp	229	14%	8	14%
Equity and property market values -10%	-167	-10%	-	-
Equity and property implied volatilities +25%	-5	0%	0	0%
Swaption implied volatilities +25%	-71	-4%	-4	-7%
EEV change by non-economic factors				
Maintenance expenses -10%	33	2%	2	4%
Lapse rates -10%	-17	-1%	5	9%
Mortality for assurances -5%	14	1%	1	2%
Mortality for annuities -5%	-4	0%	0	0%
Required Capital equal to local solvency capital	16	1%	0	1%
Additional sensitivity				
Liquidity premium -25bp	-138	-8%	-3	-6%
Liquidity premium +25bp	113	7%	3	5%
Profit sharing (for Life business) +5%	-68	-4%	-4	-8%

Table 12: Sensitivities - Austria

The sensitivities to reference rates still has a significant impact on the EEV as well as on the NBV, but decreased significantly compared to 2008 as long term reference rates were higher in 2009. 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 435mn or –26% 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 33mn or 2%. The increase in embedded value for an increase in lapse rates is due to the health business. For the NBV the decrease of 10% in lapse rates has the strongest impact and results in an effect of EUR 5mn or +9%.

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 16mn.

3.3 Italy

The Life & Health EEV for Italy increased from EUR 89mn (on a restated basis) to EUR 101mn, including a VNB of EUR 7mn.

3.3.1 Analysis of change

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

Analysis of change - Italy
before minorities, in € millions

	Free Surplus	Required Capital	VIF	EEV
Opening EV as at 31 December 2008, reported	**39**	**28**	**49**	**116**
Opening EEV as at 31 December 2008, restated	**34**	**28**	**28**	**89**
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 EEV as at 31 December 2008	**34**	**28**	**28**	**89**
New business value	-7	4	11	7
Expected existing business contribution *(reference rate)*	1	0	3	4
Expected existing business contribution *(in excess of ref. rate)*	1	0	1	2
Transfer from VIF and required capital to free surplus	-11	-1	12	0
Experience variances	-1	0	0	-1
Assumption changes	0	0	-1	-1
Other operating variance	0	0	0	0
Operating EEV earnings	**-17**	**3**	**25**	**11**
Economic variances	-3	0	4	1
Other non operating variance	0	0	0	0
Total EEV earnings	**-20**	**3**	**29**	**12**
Closing Adjustments	0	0	0	0
Closing EEV as at 31 December 2009	**14**	**30**	**57**	**101**

Table 13: Analysis of change - Italy

The decrease in restated VIF to EUR 28mn as at year end 2008, results from improving the methodology to a market consistent EEV methodology.

Operating EEV earnings are EUR 11mn.

Due to the anticipated asset write-downs in 2009, the transfer of the projected 2009 loss to the Free Surplus has a positive effect on the VIF. The new business increased VIF by EUR 11mn.

Additional positive economic variance leads to an overall EEV for the Italian Life & Health business of EUR 101mn.

3.3.2 Sensitivities

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

Sensitivities - Italy before minorities, in € millions	Change in European embedded value		Change in new business value	
Base value	**101**	100%	**7**	100%
EEV change by economic factors				
Risk free yield curve -100bp	-5	-5%	-5	-71%
Risk free yield curve +100bp	7	7%	5	65%
Equity and property market values -10%	-14	-14%	-	-
Equity and property implied volatilities +25%	0	0%	-1	-8%
Swaption implied volatilities +25%	-3	-3%	-1	-17%
EEV change by non-economic factors				
Maintenance expenses -10%	3	3%	0	1%
Lapse rates -10%	0	0%	0	-3%
Mortality for assurances -5%	1	1%	0	-4%
Mortality for annuities -5%	0	0%	0	0%
Required Capital equal to local solvency capital	0	0%	0	0%
Additional sensitivity				
Liquidity premium -25bp	-6	-6%	-1	-20%
Liquidity premium +25bp	7	7%	0	0%

Table 14: Sensitivities – Italy

3.4 Central Eastern Europe (CEE)

The Life & Health EEV for CEE increased from EUR 126mn (on a restated basis) to EUR 151mn, including a VNB of EUR 14mn.

3.4.1 Analysis of change

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

Analysis of change - CEE before minorities, in € millions	Free Surplus	Required Capital	VIF	EEV
Opening EV as at 31 December 2008, reported	**14**	**24**	**69**	**107**
Opening EEV as at 31 December 2008, restated	**15**	**24**	**87**	**126**
Capital and dividend flows	*-1*	*0*	*0*	*-1*
Foreign exchange variances	*0*	*0*	*0*	*1*
Acquired/Divested businesses	*0*	*0*	*0*	*0*
Opening adjustments	0	0	0	0
Adjusted Opening EEV as at 31 December 2008	**14**	**25**	**88**	**126**
New business value	-12	7	18	14
Expected existing business contribution *(reference rate)*	0	1	4	6
Expected existing business contribution *(in excess of ref. rate)*	0	0	0	0
Transfer from VIF and required capital to free surplus	12	-6	-6	0
Experience variances	3	-1	-1	1
Assumption changes	0	0	-6	-6
Other operating variance	0	0	0	1
Operating EEV earnings	**4**	**1**	**10**	**16**
Economic variances	4	0	5	10
Other non operating variance	0	0	1	1
Total EEV earnings	**9**	**1**	**16**	**26**
Closing Adjustments	-1	0	0	-1
Closing EEV as at 31 December 2009	**22**	**26**	**104**	**151**

Table 15: Analysis of change – CEE

The restated EEV as at year-end 2008 of EUR 126mn resulted from moving to an EEV methodology and the extension of the model to include additional lines of business lines.

Operating EEV earnings are EUR 16mn, including a new business value of EUR 14mn.

Whilst there were differences by territory, overall higher long term interest rates had a positive impact in economic variance of EUR 10mn.

In total, the EEV of the CEE countries increases to EUR 151mn, an increase of 20% relative to the restated 2008 results.

3.4.2 Sensitivities

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

Sensitivities - CEE before minorities, in € millions	Change in European embedded value		Change in new business value	
Base value	**151**	100%	**14**	100%
EEV change by economic factors				
Risk free yield curve -100bp	-9	-6%	1	6%
Risk free yield curve +100bp	2	1%	-1	-5%
Equity and property market values -10%	-1	-1%	-	-
Equity and property implied volatilities +25%	0	0%	0	0%
Swaption implied volatilities +25%	0	0%	0	0%
EEV change by non-economic factors				
Maintenance expenses -10%	9	6%	2	12%
Lapse rates -10%	4	3%	1	11%
Mortality for assurances -5%	2	1%	1	5%
Mortality for annuities -5%	0	0%	0	0%
Required Capital equal to local solvency capital	0	0%	0	0%
Additional sensitivity				
Liquidity premium -25bp	-1	0%	0	0%
Liquidity premium +25bp	1	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 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 EEV 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. 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 EEV 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 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 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 included 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 2008 and 2009 of these equity holdings are higher than the values shown in the consolidated IFRS balance sheets. These estimated market values are disclosed in the 2009 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, 2008 and December 31, 2009 after adjusting for minority interests and deferred tax, are fully included in the ANAV for the Property and Casualty segment. As at December 31, 2009 and December 31, 2008 a part of these holdings were allocated to the Austrian Life & Health businesses. The additional value from these equity holdings amounts to EUR 13.7mn at December 31, 2009 and EUR 40.5mn at December 31, 2008 before minority interest. The reduction is due to the reduction of the participation in one of these equity holdings accompanied by the decline in values.

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.

4.2.1 Free Surplus ("FS")

FS 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 ("RC")

Required Capital is defined as the statutory solvency margin requirement for each company 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 calculations were EUR 653.1mn at December 31, 2009 and EUR 639.2mn at December 31, 2008. A part of the solvency margin requirements can be covered by subordinated debt and policyholder funds.

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 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 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. The conventional reserves in the CEE Life business in the GEV scope account for less than 2% of the total groups 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 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 calculations. The reference rates for the currency EUR include a liquidity risk premium of 25 bps in 2009 (50 bp in 2008). For all other currencies no liquidity premium was assumed.

	EUR		CZK		HUF		PLN	
	2009	2008	2009	2008	2009	2008	2009	2008
1 year	1.56%	3.18%	1.70%	3.26%	6.31%	9.82%	4.52%	5.88%
5 years	3.10%	3.76%	3.01%	2.92%	7.23%	7.89%	5.75%	4.23%
10 years	3.96%	4.30%	3.53%	3.24%	7.16%	7.43%	5.78%	4.28%
15 years	4.39%	4.48%	3.84%	3.40%	6.91%	6.98%	5.73%	4.30%
20 years	4.37%	4.40%	3.90%	3.22%	6.66%	6.60%	5.57%	4.24%
25 years	4.40%	4.16%	3.80%	3.11%	6.38%	6.37%	5.38%	4.20%

Table 17: Reference rates as at 31 December

Other economic assumptions		
	2009	2008
Interest rate volatility *)	14.40%	14.13%
Equity volatility	28.70%	31.60%
Expense / medical inflation	2% / 2% - 3%	2% / 2% - 3%

*) 5 to 5 implied swaption volatility

Table 18: Other economic assumptions

	Exchange rate		Tax rate	
	2009	2008	2009	2008
UNIQA Austria	-	-	25%	25%
UNIQA Italy	-	-	32.4%	32.4%
UNIQA CZ	26.47	26.88	21% - 19%	21% - 19%
UNIQA HU	270.42	266.70	20% + 2,3% *)	20% + 2,3% *)
UNIQA SK	EUR	30.13	19.00%	19.00%
UNIQA PL	4.10	4.15	19.00%	19.00%

*) Municipal Tax & innovation fee

Table 19: 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 the past four years to finance the declared profit share rates, 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 2010

Dear Herr Bogner,

Review of Group Embedded Value of UNIQA Versicherungen AG as at 31 December 2009

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 2009".

These Statements comprise:

- the European Embedded Values of the main Life and Health insurance businesses in Austria, Italy, the Czech Republic, Slovakia, Hungary and Poland as at 31 December 2008 and 31 December 2009 together with the value of new business generated, the sensitivities and the earnings analyses during the year 2009;
- the Adjusted Net Asset Values as at 31 December 2008 and 31 December 2009 for the Property and Casualty insurance businesses and the Life and Health insurance businesses excluded from the scope of the European 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 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 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 are reasonable and compliant with the European Embedded Value Principles set out by the CFO Forum in May 2004; 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 the past four years. 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.

Yours sincerely,

Kurt Wolfsdorf
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.
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 (CRNHR)
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 (CRNHR)

Table 20: Glossary and abbreviations

Table of Figures