UNIQA Insurance Group AG
Economic Capital and Embedded Value 2014

15 April 2015

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Group Economic Capital Figures

Methodology

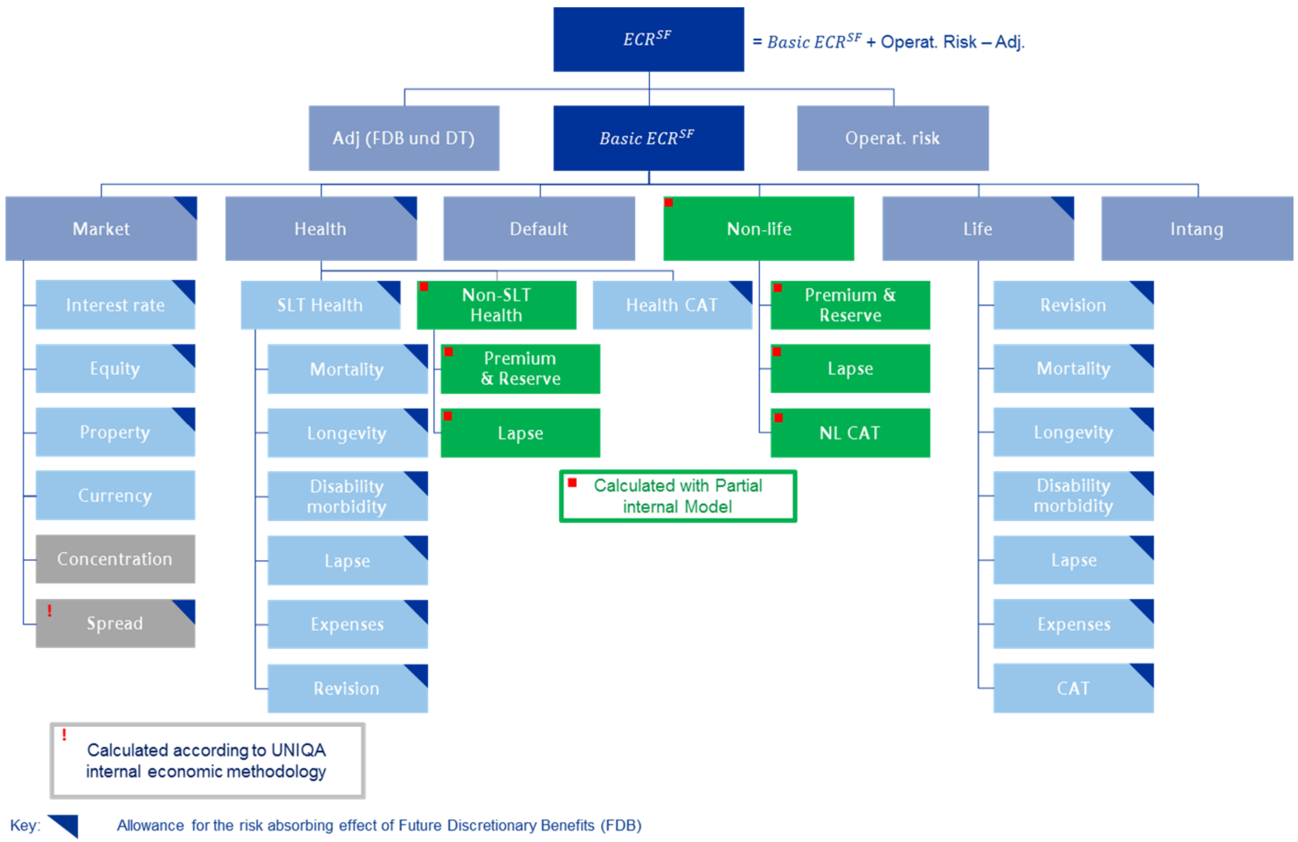
- Disclosure of Economic Capital Model (ECM) results:
  - UNIQA discloses ECM results 2014 on the basis of the underlying and published methodology of the Group Economic Capital Model
  - Economic capital is a key figure for steering UNIQA Group
  - UNIQA discloses the own funds and Economic Capital Requirement (ECR) detailed by risk classes
  - All figures are disclosed after the risk absorbing effects of future discretionary benefits

- Independent review of methodology, assumptions and calculations for economic capital calculation by B&W Deloitte GmbH

- Important valuation principles for the available **own funds**
  - Valuation of assets and liabilities based on EC Delegated Acts
  - Goodwill is set to zero according to EC specifications (EUR 451.97mn)
  - Market value of properties and loans replace the IFRS values
  - Participations are valued at market price as of 31.12.2014
  - Technical provisions and reinsurance recoverables are valued on a discounted best estimate basis

Group Economic Capital Figures

Methodology

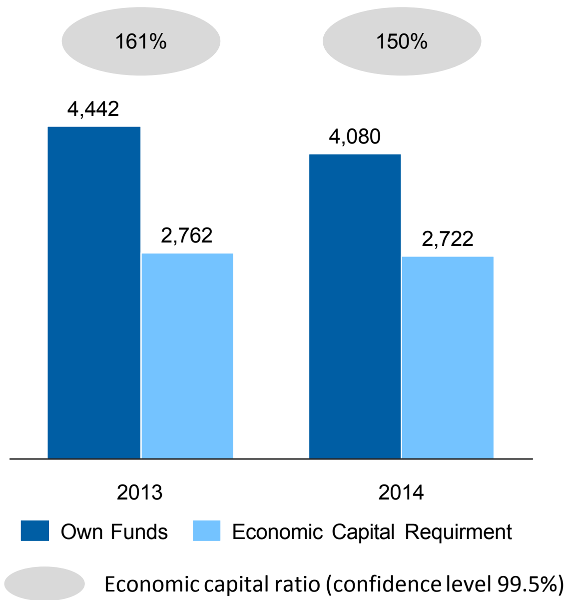


UNIQA Group **economic capital** model is based on

- Solvency II standard approach
- Spread risk and concentration risk are valued on the basis of an internal approach (government bonds and ABS are treated like corporate bonds, therefore a risk charge is applied to government bonds)
- Valuation of underwriting risk non-life (incl. health similar to non-life) on the basis of a partial internal model
- Correlation assumptions equal to standard formula except for the partial internal model where internal coefficients are used
- Underlying risk measure: 99.5% VaR (Value-at-Risk) over a 1-year time horizon

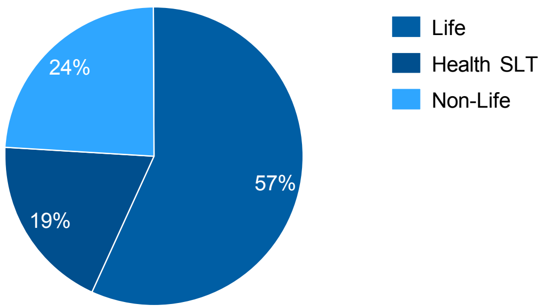
Group ECR Results
Economic Capital Ratio

Economic capital position (EUR mn)

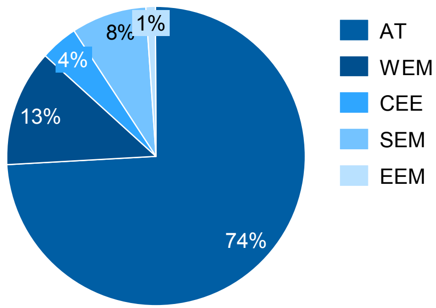


- The capital requirement for government bonds that are assumed to be risk-free in the Solvency II standard approach amounts to a risk charge of EUR 535mn after diversification in the economic capital model
- The Solvency capital position according to the pure EIOPA standard formula is 152.9%

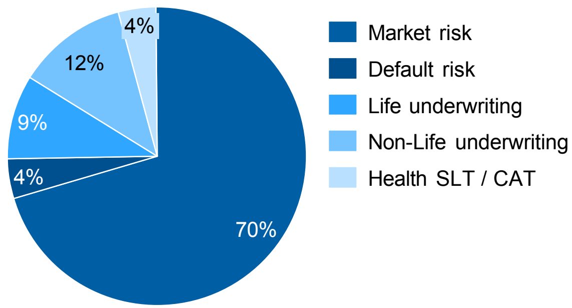
ECR split by Line of Business



ECR split by Region



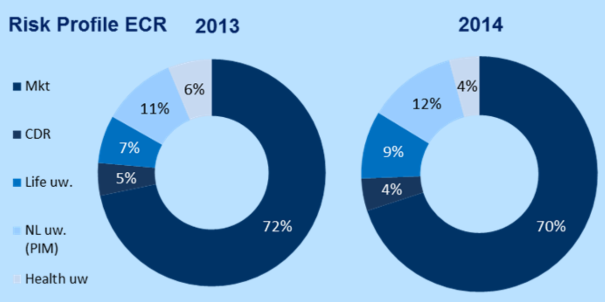
ECR split by Risk Module

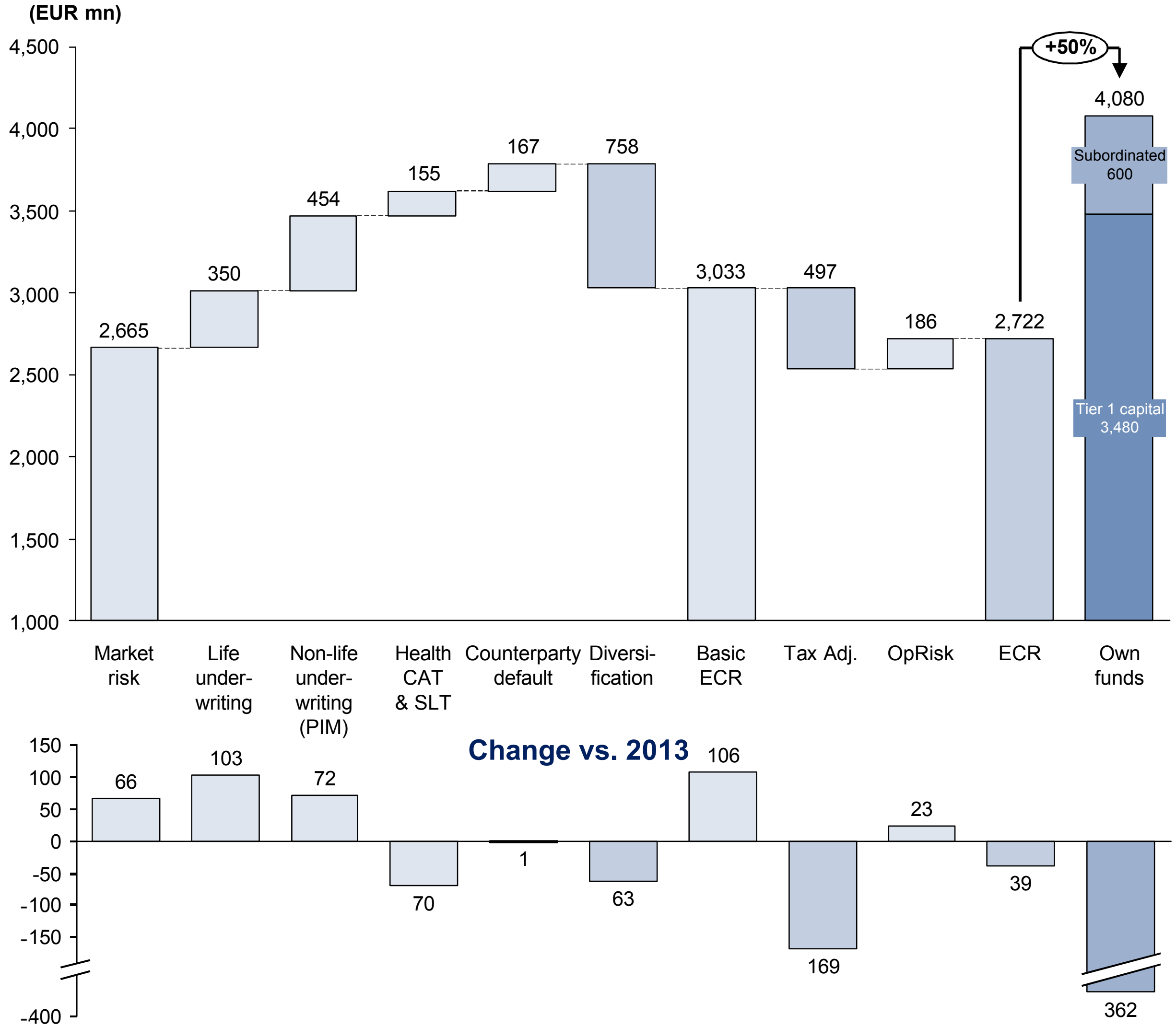


Group ECR Results

Development by risk module

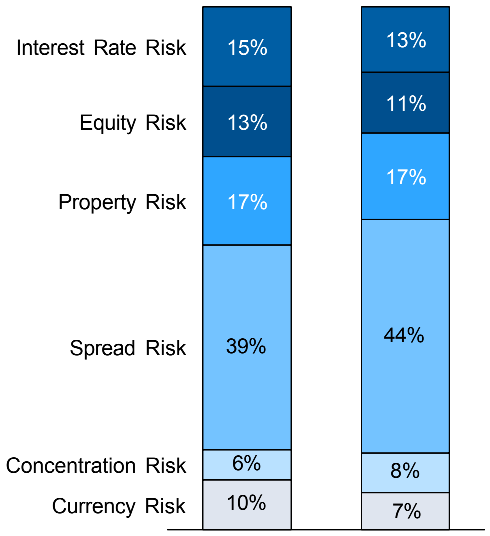
- **ECR-Quota decreased from 161% in 2013 to 150% in 2014**
- **ECR decrease by EUR 39.5mn**
  - More accurate calculation of the adjustment due to deferred taxes leads to a higher tax adj. that outbalances the slight increase of the Basic ECR
- **Decrease of own funds by EUR 362mn**
  - Driven by a smaller revaluation effect of net technical provisions due to lower interest rates





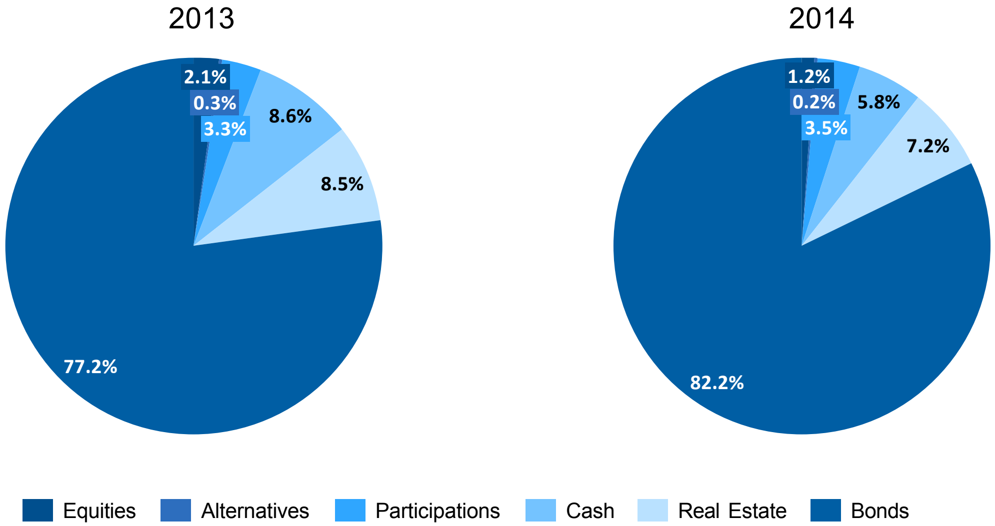
Group ECR Results
UNIQA Group market risk profile

Market risk



	2013	2014
% risk profile	72%	70%
EUR mn	2,599	2,665

Asset Allocation



Key market risks

- Decrease in equity risk due to reduction of hedge funds and non-consolidated funds that were treated as equity
- Increase in spread risk due to purchases of high-quality long-dated government bonds (BE, EU, Supranationals) and yield-enhancing investments (Italian government bonds)
- Increase in concentration risk due to increase in Italian and Croatian government bonds

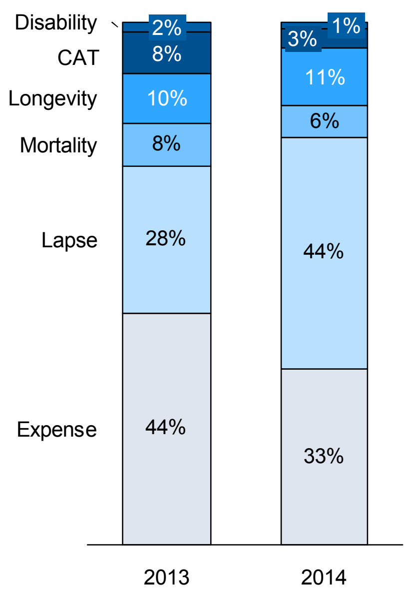
Asset Allocation

- Increase in bonds mainly due to investments in government bonds (IT, AU, HR, SU, IE, BE) in line with the Group’s ALM strategy, leading to decrease in liquidity
- Decrease in real estates due to depreciation and sale of “Haas Haus”

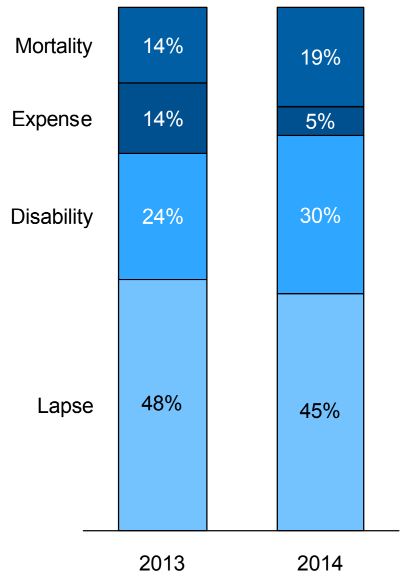
Group ECR Results

UNIQA Group underwriting risk profile

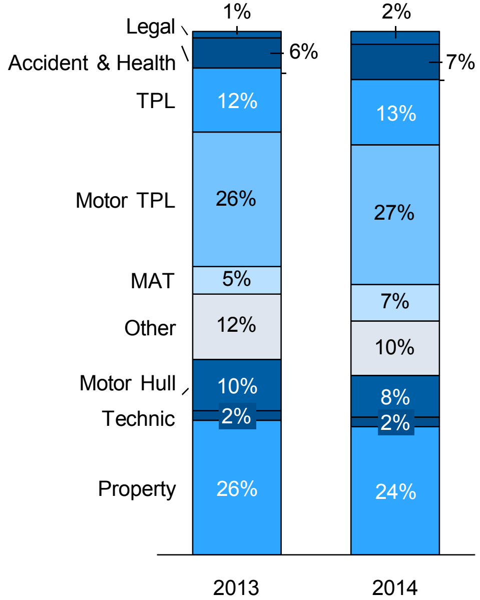
Life underwriting risk



Health underwriting risk



Non-life underwriting risk



	Life 2013	Life 2014	Health 2013	Health 2014	Non-life 2013	Non-life 2014
% risk profile	7%	9%	6%	4%	11%	12%
EUR mn	247	350	226	155	383	454

Key underwriting risks

- Lapse risk (44%): less surrenders of contracts with high interest guarantees in the decrease scenario
- Expense risk (33%): stable in absolute numbers, less share due to higher lapse risk
- Biometric risks have minor relevance

Measures

- Clear expense monitoring and cost optimization
- In force management

Key underwriting risks

- Mass lapse scenario is dominating: lapsing of profitable business
- Variance of disability (premium insufficiency because of variance in calculation assumptions)
- Loss of business

Measures

- Premium adaptions in case of underrating
- Strict profitability monitoring of portfolio

Key underwriting risks

- Stable development of risk profile
- Main risk drivers in the non-life underwriting risk given by natural catastrophe risk (Property, Other) and reserve risk (Motor TPL)

Measures

- Motor initiative on-going (pricing and portfolio shift)
- Corporate business initiative (rating tool to be implemented)

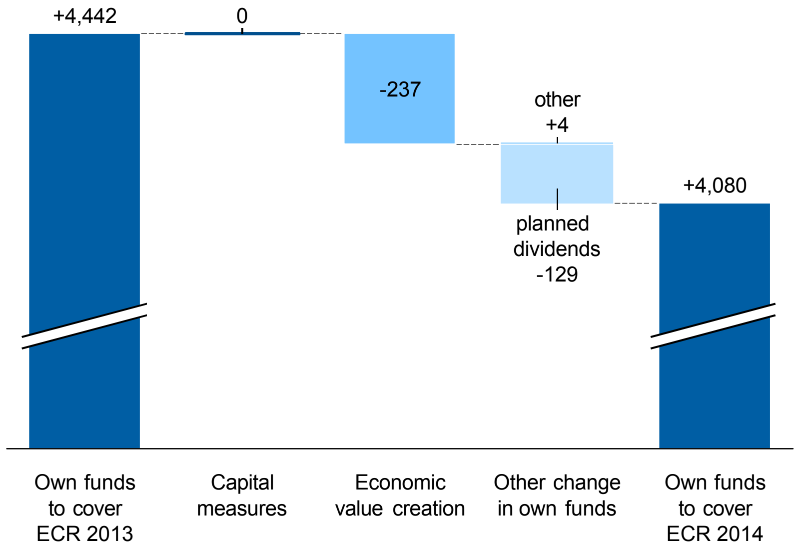
Group ECR Results

IFRS reconciliation and economic value creation

IFRS reconciliation (EUR mn)

Position	2014	2013
IFRS total equity	**3,102**	**2,790**
- Goodwill	-452	-472
- Value of business in force	-38	-38
- Intangible assets	-28	-24
- Deferred acquisition costs	-999	-928
+ Revaluation (after deferred taxes)	2,032	2,627
Revaluation of assets	504	833
Revaluation of net technical provisions	1,527	1,794
+ Subordinated liabilities	600	600
- Foreseeable dividends	-129	-108
- Capping of minority interests	-8	-5
Economic own funds to cover ECR	**4,080**	**4,442**

Own Funds development 2014 (EUR mn)



IFRS reconciliation

- Goodwill, value of business in force, deferred acquisition costs and intangible assets are valued at zero according to Solvency II.
- Other revalued assets include property (appraisal value instead of amortized cost), participations (market value instead of IFRS book value) and loans.
- Gross technical provisions and the share of the reinsurer in the technical provisions are revalued to discounted best estimate reserves.
- Subordinated liabilities are subject to eligibility restrictions, depending on their quality („Tiering“). All of UNIQA‘s subordinated liabilities are included in eligible own funds. Foreseeable dividends have to be subtracted from eligible own funds according to Solvency II.

Own funds development

- The economic value creation includes the IFRS profit along with revaluation effects. With yield curves decreasing substantially, the negative effect of lower yield curves in the best estimate reserves exceeds the positive effect of IFRS profits.
- Planned dividends (to be paid in 2015) are deducted from eligible own funds. No capital increase was performed in 2014.

Economic Capital	Methodology
	Results
Embedded Value	Methodology
	Results
	Sensitivities and other analysis
Appendix	Assumptions
	Glossary & Disclaimer

UNIQA

Group Embedded Value

Methodology

- Disclosure of Group Embedded Value (GEV) results:
  - UNIQA discloses GEV results 2014 on the basis of the Market Consistent Embedded Value©(a) (MCEV) principles
  - Includes MCEV using bottom-up, market consistent methodology for main Life and Health businesses
  - Split by the regions Austria, Italy and CEE (including Russia)

- Adjusted Net Asset Value (ANAV) for Property and Casualty, Life and Health businesses excluded from scope of MCEV on the basis of adjusted IFRS equity

- GEV allows for consolidation adjustments and minority interests and is defined as:
  - Adjusted net asset value for Property and Casualty, Life and Health businesses excluded from scope of MCEV calculations
  - Plus MCEV

- Independent review of methodology, assumptions and calculations for MCEV and calculations for GEV by B&W Deloitte GmbH

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Group Embedded Value

Results

- GEV changed by -0.4% to EUR 4,175mn
- Decrease driven by value of in-force business due to lower interest rates and higher implied volatility
- Decrease in VIF partly offset by strong operative development due to expenses improvement for Austrian Life & Health and new business value
- Return on GEV amounts to EUR +98mn or +2.4%

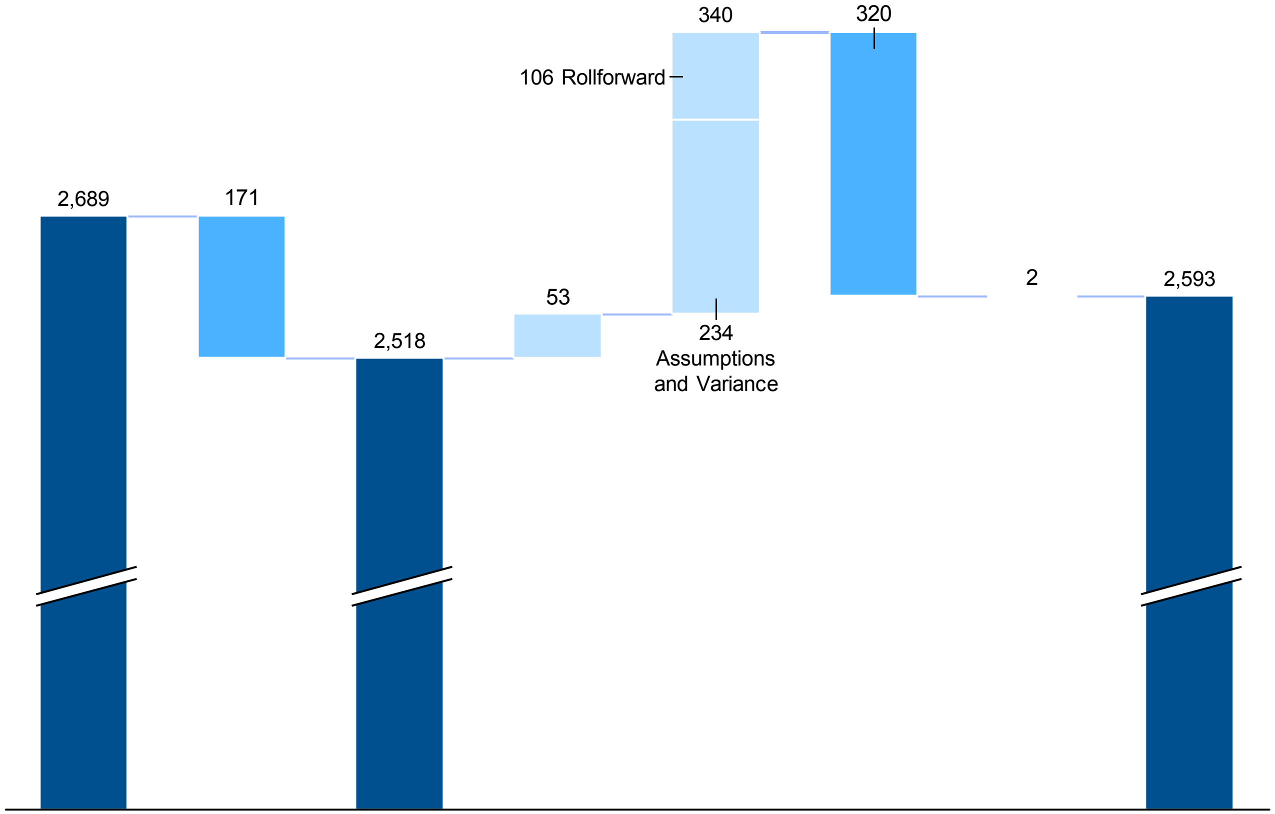
Group Embedded Value	Life & Health		Property & Casualty		Total		Change over period
after minorities, in EUR mn	2014	2013	2014	2013 *)	2014	2013 *)	
Free surplus	482	334					
Required capital	538	652					
Adjusted net asset value	1,019	986	1,581	1,503	2,601	2,489	4%
Present value of future profits	2,081	2,120	n/a	n/a	2,081	2,120	-2%
Cost of options and guarantees	-305	-217	n/a	n/a	-305	-217	41%
Frictional cost of required capital	-52	-81	n/a	n/a	-52	-81	-36%
Cost of residual non-hedgeable risk	-150	-119	n/a	n/a	-150	-119	25%
Value of in-force business	1,574	1,703	n/a	n/a	1,574	1,703	-8%
GEV / MCEV	2,593	2,689	1,581	1,503	4,175	4,192	0%
GEV / MCEV (before minorities)	2,604	2,702	1,597	1,515	4,201	4,217	0%

*) restated

Group Embedded Value

Life & health analysis of change

- Restatement and opening adjustments include
  - Capital and dividend flows (EUR -159mn)
  - Foreign exchange variance (EUR -12mn) mainly stem from the change RUB to EUR
- Ongoing positive development of operating earnings resulted in an increase of EUR 340mn
- Closing adjustments are capital and dividend flows
- Return on GEV amounts to EUR +98mn or +2.4%



	MCEV as at 31-12-2013 reported	Restatement and adjustments	MCEV as at 31-12-2013 restated	New business Value	Other operating earnings	Economic Variance	Other non op. Variance and closing adjustments	MCEV as at 31-12-2014 reported
Free surplus	334	-161	173	-86	263	128	2	482
Required capital	652	-2	649	41	-148	-4	0	538
Value of in-force business	1,703	-7	1,695	98	225	-444	0	1,574
GEV / MCEV	**2,689**	**-171**	**2,518**	**53**	**340**	**-320**	**2**	**2,593**

Group Embedded Value

Results split by regions

- Value of UNIQA driven by Austria
- New business margin decreases to 1.7%
- Total new business 2014 was valued based on economic assumptions as at 31.12.2014
- Quarterly valuation of new business based on point of sale assumptions would result in a new business margin above 2.0%

Embedded Value by region	2014				2013			
after minorities, in EUR mn	Austria	Italy	CEE	Total	Austria	Italy	CEE	Total
Free surplus	422	43	17	482	264	33	38	334
Required capital	425	77	36	538	551	63	37	652
Adjusted net asset value	847	119	54	1,019	815	96	75	986
Value of business in-force	1,390	26	157	1,574	1,541	27	134	1,703
Life and health MCEV	2,237	146	211	2,593	2,356	123	210	2,689
As a % of total Life MCEV	86.3%	5.6%	8.1%	100.0%	87.6%	4.6%	7.8%	100.0%
Value of new business	30	6	18	53	32	4	22	58
Present value of new business premiums (PVNBP)	1,937	973	300	3,210	1,653	603	382	2,638
New business margin (% of PVNBP)	1.5%	0.6%	5.9%	1.7%	1.9%	0.7%	5.8%	2.2%

Group Embedded Value

Life & health sensitivities

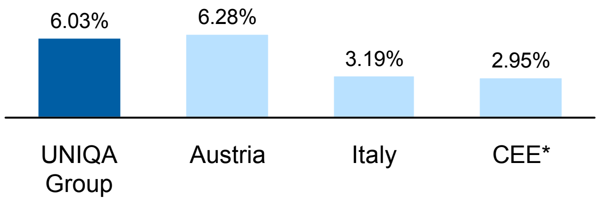
- MCEV remains sensitive against decreasing interest rates due to traditional life portfolio
- Minor impact on non-economic sensitivites
- Additional sensitivity risk free yield curve +/-50bp calculated
  - -50bp
    MCEV -7%
    VNB -27%
  - +50bp
    MCEV 4%
    VNB 7%

after minorities, in EUR mn	Change in Embedded Value		Change in New Business Value	
Base value	2,593	100%	53	100%
EV change by economic factors				
Risk free yield curve -100bp	-508	-20%	-42	-78%
Risk free yield curve +100bp	229	9%	14	25%
Equity and property market values -10%	-151	-6%	0	0%
Equity and property implied volatilities +25%	-17	-1%	-1	-2%
Swaption implied volatilities +25%	-83	-3%	-9	-18%
EV change by non-economic factors				
Maintenance expenses -10%	60	2%	9	16%
Lapse rates -10%	36	1%	7	14%
Mortality for assurances -5%	39	2%	5	10%
Mortality for annuities -5%	-8	0%	0	0%
Required capital equal to local solvency capital	10	0%	0	1%
Additional sensitivity				
Removal of liquidity premium	-169	-7%	-12	-22%

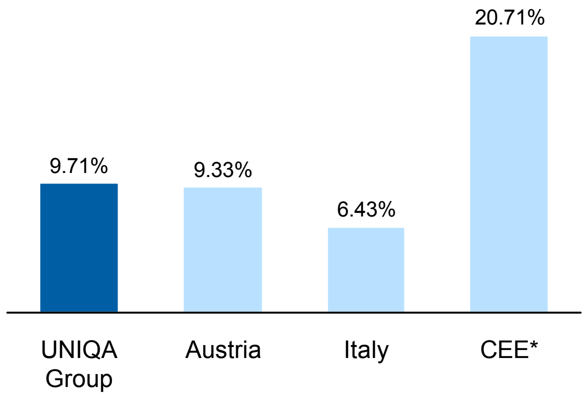
Group Embedded Value

Implied Discount Rate / Internal Rate of Return / Free Surplus Generation

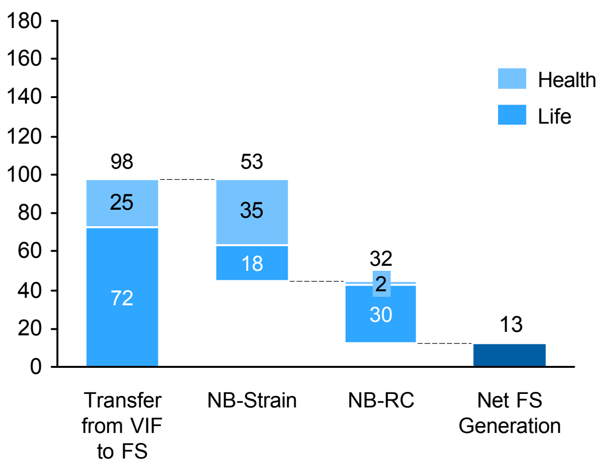
Implied Discount Rate 2014
in %, based on in-force business



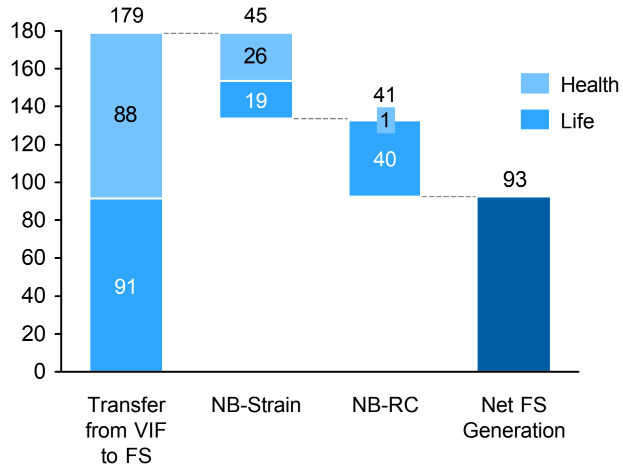
Internal Rate of Return 2014
in %, based on new business



Free Surplus Generation 2013
in EUR mn



Free Surplus Generation 2014
in EUR mn



- Implied discount rate on Group level slightly increases due to higher options and guarantees
- IRR overall decreased, however, improvements in Austria business could be achieved and CEE still on an extraordinary good level
- Free surplus generation: Adjustments to management rule for realization of hidden reserves in health business changes the cash flow pattern and thus improves the result of free surplus generation (the change does not affect the overall amount of VIF but makes the timing of profits earned more realistic)

* incl. Russia

UNIQA

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Economic assumptions

MCEV and ECR

- Consistent assumptions for MCEV and ECR valuation
- Reference rates based on swap rates as at 31 December 2014 including a liquidity premium (volatility adjustment). The liquidity premium is derived from observable market data and based on the approach used for internal risk capital calculations
- The 2014 calibration of the economic scenarios is based on implied volatilities

Reference rates[(a)]	EUR		CZK		HUF		PLN		RUB	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
1 year	0.06%	0.30%	0.18%	0.26%	1.67%	2.89%	1.71%	2.65%	20.35%	6.87%
5 years	0.26%	1.16%	0.42%	1.17%	3.04%	4.04%	2.07%	3.63%	12.23%	7.13%
10 years	0.72%	2.12%	0.76%	2.02%	3.61%	5.31%	2.41%	4.20%	10.61%	7.71%
15 years	1.09%	2.61%	1.09%	2.52%	3.89%	5.36%	2.65%	4.32%	8.85%	8.35%
20 years	1.28%	2.75%	1.50%	2.82%	4.00%	5.05%	2.87%	4.35%	7.83%	8.60%
25 years	1.58%	2.84%	1.90%	3.04%	4.05%	4.87%	3.06%	4.35%	7.17%	8.39%

(a) Excluding liquidity premium

Liquidity premium in bp	EUR	CZ/HU/PL	RUB
Base premium – 100%	34	12	0
Participating life business – 65%	22	8	0
Unit and index linked business – 0%	0	0	
Health business – 65%	22		

Exchange rates and tax rates	Exchange rate		Tax rate	
	2014	2013	2014	2013
UNIQA Austria	–	–	25.00%	25.00%
UNIQA Italy	–	–	33.72%	34.32%
UNIQA CZ	27.74	27.43	19.00%	19.00%
UNIQA HU	315.54	297.04	19,00% + 2,3%[(a)]	19,00% + 2,3%[(a)]
UNIQA SK	-	-	22.00%	22.00%
UNIQA PL	4.27	4.15	19.00%	19.00%
Raiffeisen Russia	72.34	45.32	20.00%	20.00%

(a) Muncipal tax and innovation fee

Other economic assumptions (EUR)	2014	2013[(a)]
Interest rate volatility[(b)]	39.54%	23.07%
Equity volatility[(c)]	22.39%	20.50%
Expense/medical inflation	2%/2%	2%/2%

(a) after restatement
(b) 10 to 10 implied swaption volatility
(c) 10 years

UNIQA

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Glossary

ABS	Asset Backed Securities
ALM	Asset Liability Management
ANAV	Adjusted Net Asset Value
CAT	Catastrophe Risk
CDR	Counterparty Default Risk
EC	European Commission
ECM	Economic Capital Model: UNIQA's approach for calculating a SCR based on the standard approach with deviation of the technical specifications in respect of the treatment of EU government bonds and Asset Backed Securities and with inclusion of PIM
ECR	Economic Capital Requirement: risk capital requirement resulting from the Economic Capital Model
EV, GEV	Embedded Value, Group Embedded Value
FS	Free Surplus
Health SLT	Health Similar to Life Techniques (long term health business)
IFRS	International Financial Reporting Standards: set of accounting standards, developed and maintained by the International Financial Reporting Standards Board (IASB) with the intention of assuring standardisation of financial statements across the market
IRR	Internal Rate of Return
MAT	Marine, Aviation, Transport
MCEV	Market Consistent Embedded Value: measure of the consolidated value of shareholders' interests in the covered business
NB-RC	New Business Required Capital
PIM	Partial Internal Model (UNIQA's internal model for the calculation of the non-life and health NSLT underwriting risk)
Regions	**AT** – Austrian Operating Companies, **WEM** - Western European Markets (Liechtenstein, Italy, Switzerland), **CEE** – Central Eastern Europe (Slovakia, Czech Republic, Hungary, Poland), **SEE** – Southern Eastern Europe (Croatia, Serbia, Bosnia, Bulgaria), **EEM** – Eastern Emerging Markets (Romania, Russia, Ukraine)
S&P	Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial
VaR	Value at Risk: risk measure used within UNIQA's partial internal model for deriving the capital requirement for the non-life and health NSLT underwriting risk
VIF	Value of in-force business
VNB	New Business Value

Disclaimer

Cautionary statement regarding forward looking statements

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