

# UNIQA Group Austria Group Embedded Value 2009

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## Group European Embedded Value

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

## Methodology improved

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

## Methodology improved

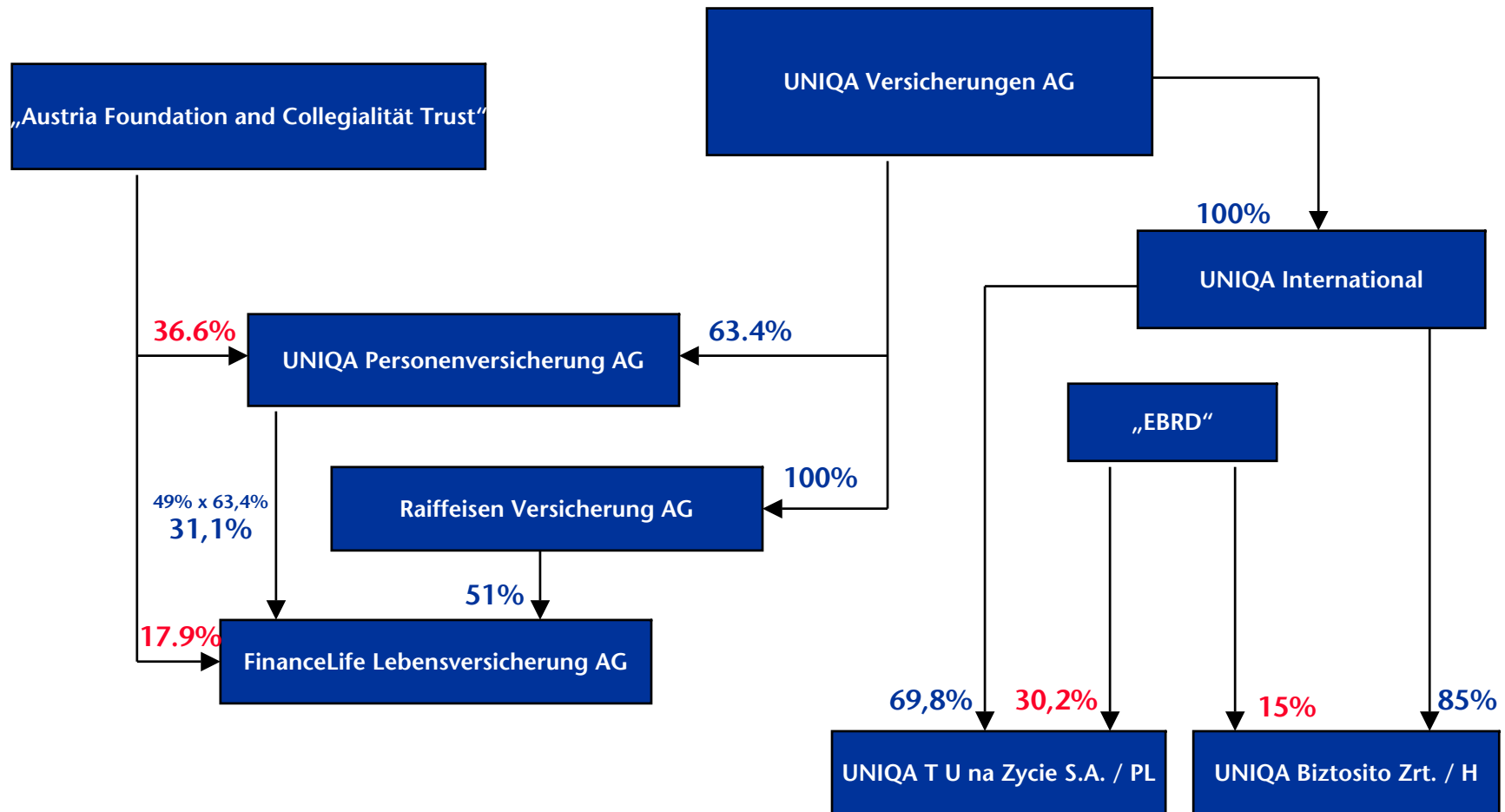
- **GEV allows for consolidation adjustments and minority interests**
- **Goodwill and value of business in force (VBI) eliminated in respect of businesses included in the scope of the EEV calculations**
- **EEV defined as:**
  - Free Surplus (FS),
  - plus* Required Capital (RC),
  - plus* Value of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

## Strong increase of GEV within 2009

- GEV increased (before min. interest) by 23% to EUR 2,985mn.
- Higher long term reference rates and strong operative improvements, both had positive impacts and increase the VIF to EUR 1,359mn.
- Slight decrease of FOG to EUR 154mn.

<b>Group Embedded Value</b> before minorities, in € millions							
	<b>Life &amp; Health</b>		<b>Prop. &amp; Casualty</b>		<b>Total</b>		<b>Change over period</b>
	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%
<b>Adjusted Net Asset Value</b>	<b>557</b>	<b>684</b>	<b>1,069</b>	<b>910</b>	<b>1,626</b>	<b>1,595</b>	<b>2%</b>
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%
<b>Value of in-force business</b>	<b>1,359</b>	<b>840</b>	<b>n/a</b>	<b>n/a</b>	<b>1,359</b>	<b>840</b>	<b>62%</b>
<b>GEV / EEV</b>	<b>1,916</b>	<b>1,525</b>	<b>1,069</b>	<b>910</b>	<b>2,985</b>	<b>2,435</b>	<b>23%</b>

## Disclosure shows results before and after minority interests



## Strong increase of GEV within 2009

- GEV increased (before min. interest) by 20% to EUR 2,358mn.
- Higher long term reference rates and strong operative improvements, both had positive impacts and increase the VIF to EUR 954mn.
- Slight decrease of FOG to EUR 128mn.

<b>Group Embedded Value</b> after minorities, in € millions							
	<b>Life &amp; Health</b>		<b>Prop. &amp; Casualty</b>		<b>Total</b>		<b>Change over period</b>
	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%
<b>Adjusted Net Asset Value</b>	<b>442</b>	<b>563</b>	<b>962</b>	<b>838</b>	<b>1,404</b>	<b>1,400</b>	<b>0%</b>
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%
<b>Value of in-force business</b>	<b>954</b>	<b>571</b>	<b>n/a</b>	<b>n/a</b>	<b>954</b>	<b>571</b>	<b>67%</b>
<b>GEV / EEV</b>	<b>1,396</b>	<b>1,133</b>	<b>962</b>	<b>838</b>	<b>2,358</b>	<b>1,971</b>	<b>20%</b>

# Return on restated and adjusted GEV

## Strong increase of GEV within 2009

<b>Return on GEV</b> after minorities, in € millions		
	2009	2008
EEV as at 31 December	2,358	1,857
EEV as at 31 December previous year, reported	1,857	2,518
EEV as at 31 December previous year, restated	1,971	2,391
EEV as at 31 December previous year, restated and adjusted	1,919	2,330
Dividends	52	60
Return on EEV	439	-473
as a %	22.3%	-19.8%

- Return on GEV is shown after minority interest and calculated on basis of the restated and adjusted GEV as at December 31, 2008.
- Higher long term reference rates and positive operational developments had positive impacts and result in a return on GEV of EUR 439mn or 22.3%.



## Stable new business volumes, margins increased

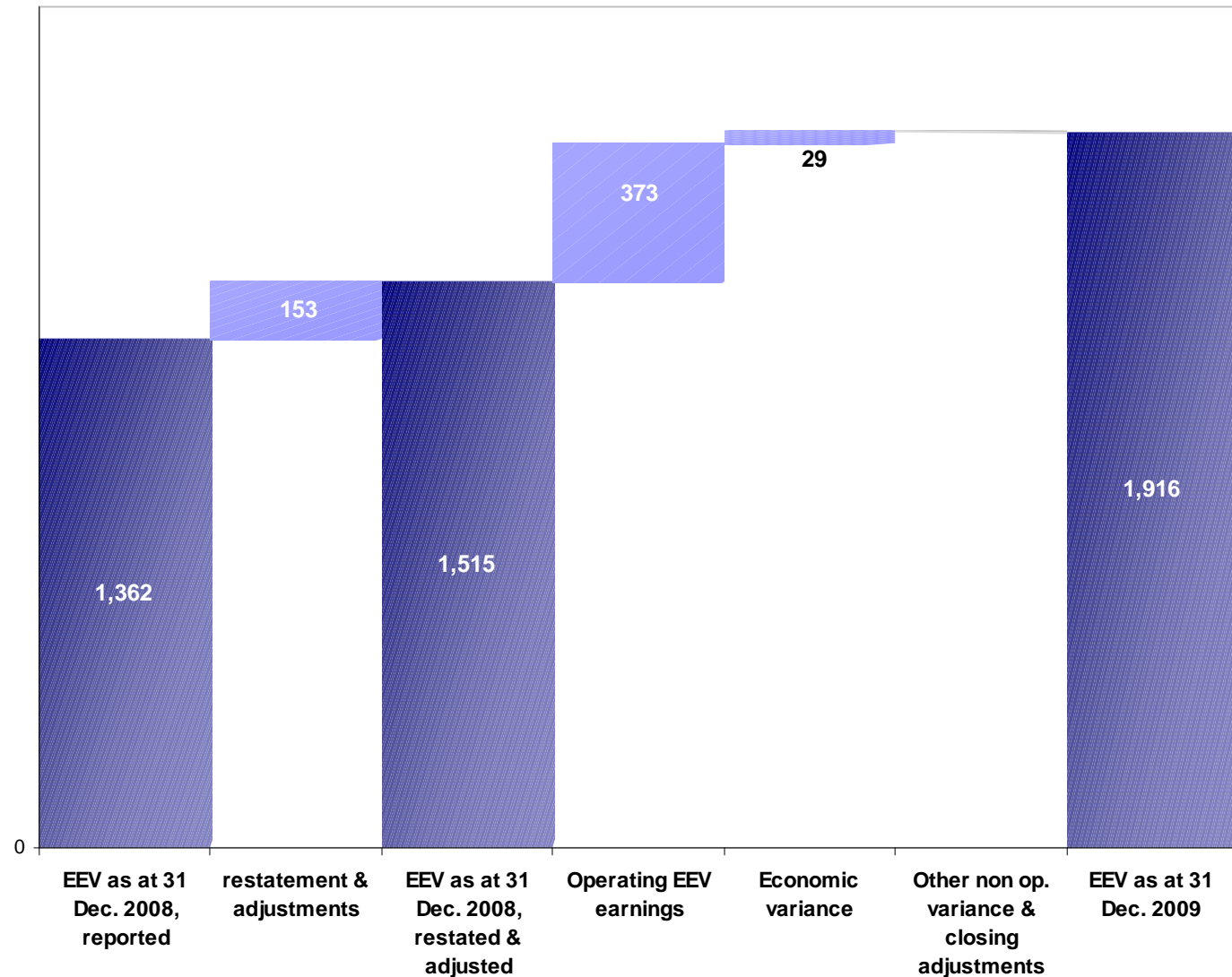
<b>New business value</b>						
in € millions						
	before minorities			after minorities		
	2009	2008 *)	change in 2009	2009	2008 *)	change in 2009
<b>Value of new business</b>	<b>77</b>	<b>67</b>	<b>14.3%</b>	<b>62</b>	<b>55</b>	<b>13.7%</b>
Annual premium equivalent (APE)	295	298		248	246	
New business 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

- Restated new business margins increased (compared to 2008 reported results) as a result of improving methodologies (to EEV) in the Italian and CEE businesses.
- UNIQA Group's NBV was positively effected in 2009 and increased as at year-end by 14.3% to EUR 77mn.
- New business volumes remained stable in 2009.

## Life & Health before minority interest

- Restatement by EUR 153mn caused by methodology change for Health business due to improved modelling of future premium adjustments.
- Strong impact by operating earnings of EUR 373mn, mainly driven by reduced expense assumptions.
- Recovery of financial markets had a slight positive effect that shows off in an economic variance of EUR 29mn.



- EEV calculations use reference rates based on swap rates as at December 31, 2009 including a liquidity spread of 25bp (2008: 50bp) for all terms.
- The 2009 calibration of the economic scenario generator is based on implied volatilities (2008: was based on average implied volatilities over 2008).

Reference Rates	EUR		CZK	
	2009	2008	2009	2008
1 year	1.56%	3.18%	1.70%	3.26%
5 years	3.10%	3.76%	3.01%	2.92%
10 years	3.96%	4.30%	3.53%	3.24%
15 years	4.39%	4.48%	3.84%	3.40%
20 years	4.37%	4.40%	3.90%	3.22%
25 years	4.40%	4.16%	3.80%	3.11%

Reference Rates	HUF		PLN	
	2009	2008	2009	2008
1 year	6.31%	9.82%	4.52%	5.88%
5 years	7.23%	7.89%	5.75%	4.23%
10 years	7.16%	7.43%	5.78%	4.28%
15 years	6.91%	6.98%	5.73%	4.30%
20 years	6.66%	6.60%	5.57%	4.24%
25 years	6.38%	6.37%	5.38%	4.20%

	Exchange rate		Tax rate	
	2009	2008	2009	2008
UNIQA Austria	-	-	25.00%	25.00%
UNIQA Italy	-	-	32.40%	32.40%
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%

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 sw option volatility

## Life & Health before minority interests

	Change in European embedded value		Change in new business value	
<b>Base value</b>	<b>1,916</b>	<b>100%</b>	<b>77</b>	<b>100%</b>
<b>EV change by economic factors</b>				
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%
<b>EV change by non-economic factors</b>				
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%
<b>Additional sensitivity</b>				
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%

## Reconciliation of IRFS equity to ANAV

	2009	2008 restated	2008
<b>Consolidated IFRS equity</b>	<b>1,565</b>	<b>1,459</b>	<b>1,459</b>
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
<b>Adjusted net asset value before minority interest</b>	<b>1,626</b>	<b>1,595</b>	<b>1,642</b>
Minority interests	-222	-194	-194
<b>Adjusted net asset value after minority interest</b>	<b>1,404</b>	<b>1,400</b>	<b>1,448</b>

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

## Results split by regions Austria, Italy and CEE

- Positive development over all regions.
- Significant increase in VIF in Austrian and Italian business.
- Slight decrease in FOG in Austria and CEE, while in Italy a small shift from intrinsic value to time value takes place.

### Embedded Value 2009 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
<b>Adjusted Net Asset Value</b>	<b>466</b>	<b>44</b>	<b>48</b>	<b>557</b>	<b>584</b>	<b>61</b>	<b>39</b>	<b>684</b>
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
<b>Value of business in-force</b>	<b>1,199</b>	<b>57</b>	<b>104</b>	<b>1,359</b>	<b>726</b>	<b>28</b>	<b>87</b>	<b>840</b>
<b>Life &amp; Health EEV</b>	<b>1,664</b>	<b>101</b>	<b>151</b>	<b>1,916</b>	<b>1,309</b>	<b>89</b>	<b>126</b>	<b>1,525</b>
as a % of total Life EEV	86.8%	5.3%	7.9%	100.0%	85.9%	5.9%	8.3%	100.0%

\*) restated

## Cautionary statement regarding forward looking statement

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