UNIQA Versicherungen AG

Group Embedded Value 2010

Supplementary information on Group Embedded Value results for 2010

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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 2010. 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 2010 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 2009 in May 2010.

In line with the ongoing goal to continually improve the embedded value disclosure UNIQA has included the businesses of Mannheimer Krankenversicherung AG (German health business) and UNIQA Life S.p.A. (Italian life business) for the first time. 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 & Germany, Italy and CEE. The restatement of the 2009 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
	Austria	UNIQA Versicherungen AG	Group
'Austria/ Germany'	Austria	UNIQA Personenversicherung AG	Life
	Austria	UNIQA Personenversicherung AG	Health
	Austria	Raiffeisen Versicherung AG	Life
	Austria	FINANCE LIFE Lebensversicherung AG	Life
	Germany	Mannheimer Krankenversicherung AG	Health
'Italy'	Italy	UNIQA Previdenza S.p.A.	Life
	Italy	UNIQA Assicurazioni S.p.A.	Health
	Italy	UNIQA Life S.p.A.	Life
'CEE'	Slovakia	UNIQA poistovna a.s.	Life
	Czech Republic	UNIQA pojistovna a.s.	Life
	Hungary	UNIQA Bistosito Zrt.	Life
	Poland	UNIQA TU na Zycie S.A.	Life

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.

2. Summary of 2010 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 (FOG) minus
- Frictional cost of required capital (FCRC) minus
- Cost of residual non-hedgeable (CRNHR) 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 2010 was negatively affected by the financial market developments, in particular the decrease in interest rates, which offsets the impact of operative improvements. The main impact can be seen in the increase in of the time value of options and guarantees which was impacted by higher implied interest rate volatility and lower interest rates. On the operational side, the improvements in claims assumptions to reflect latest experience and profitable new business resulted in an overall stable PVFP.

The following tables show the GEV results for the year ending December 31, 2010 and the restated GEV results for the year ending December 31, 2009. Table 2 contains the results before minority interests, whereas the results after minority interests are shown in Table 3.

Group Embedded Value
before minorities, in € millions

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

Table 2: GEV before minorities

2 The EEV has not been calculated for all the Life & Health businesses in the Group. The adjusted 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 12% of the Italian and CEE – Life & Health businesses based on earned premium for 2010).-

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
	2010	2009	2010	2009	2010	2009	
Free surplus	48	82	553	619	602	701	-14%
Required capital	405	389	327	306	733	695	5%
Adjusted Net Asset Value	454	471	881	925	1,334	1,396	-4%
Present value of future profits	1,222	1,234	n/a	n/a	1,222	1,234	-1%
Cost of options and guarantees	-237	-122	n/a	n/a	-237	-122	95%
Frictional Cost of required capital	-69	-66	n/a	n/a	-69	-66	4%
Cost of residual non-hedgeable risk	-84	-52	n/a	n/a	-84	-52	61%
Value of business in-force	834	994	n/a	n/a	834	994	-16%
GEV / EEV	**1,287**	**1,465**	**881**	**925**	**2,168**	**2,390**	**-9%**

Table 3: GEV after minorities

The GEV as at December 31, 2009 has been restated due to the following issues:

- In line with the ongoing goal to continually improve the quality of GEV calculations, UNIQA included the businesses of Mannheimer Krankenversicherung AG (German health business) and UNIQA Life S.p.A. (Italian life business) for the first time.
- Improvements in the methodology for the allocation of expenses, which had a positive impact on the PVFP.

Required Capital and Free Surplus developed in line with the development of the underlying businesses. The Required Capital for the P&C segment has been presented consistently with the definition of Required Capital for the EEV businesses. It allows for the target rating (A+) for rated entities and is shown net of subordinated debt.

Although operating EEV earnings remained positive, as in previous years, this positive effect was offset by the increasing cost of options and guarantees due to the actual economic environment. Details can be seen in section 2.4. The VIF decreased to EUR 1,206mn and the overall GEV to EUR 2,779mn before minorities.

The increase in the CRNHR results from applying the latest developments in UNIQA’s internal risk model, which reflect ongoing Solvency II (QIS 5) developments.

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	2010	2009
GEV as at 31 December	2,168	2,358
GEV as at 31 December previous year, reported	2,358	1,857
GEV as at 31 December previous year, restated	2,390	1,971
GEV as at 31 December previous year, restated and adjusted	2,336	1,919
Dividends	57	52
Return on GEV	-169	439
as a %	-7%	23%

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 2010 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 2010 has been calculated for the covered business in 2010. The new business value for 2009 has been restated to be consistent with the scope and methodology used for 2010.

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

*) restated results for 2009

Table 5: New business value

There was a strong increase in new business volumes compared to 2009, the PVNBP increasing to EUR 2,833mn. However, margins decreased overall to 2.1% as a percentage of PVNBP. The business volumes and margins by region are shown in section 3.

The NBV 2009 was restated due to the change in scope and to reflect minor model changes which led to a decrease in new business margins from 3.3% to 3.1%.

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	EEV
Opening EEV as at 31 December 2009, reported	**78**	**479**	**1,359**	**1,916**
Opening EEV as at 31 December 2009, restated	**104**	**486**	**1,410**	**2,000**
Capital and Dividend Flows	*-34*	*0*	*0*	*-34*
Foreign Exchange Variances	*0*	*1*	*2*	*3*
Acquired/Divested Businesses	*0*	*0*	*0*	*0*
Opening adjustments	-33	1	2	-30
Adjusted Opening EEV as at 31 December 2009	**70**	**486**	**1,413**	**1,969**
New business value	-71	40	91	59
Expected existing business contribution *(reference rate)*	8	1	53	61
Expected existing business contribution *(in excess of ref. rate)*	3	0	26	28
Transfer from VIF and required capital to free surplus	91	-38	-53	0
Experience variances	-61	14	-10	-57
Assumption changes	-5	0	125	120
Other operating variance	0	0	-98	-98
Operating EEV earnings	**-36**	**17**	**133**	**113**
Economic variances	33	1	-339	-305
Other non operating variance	0	0	-1	-1
Total EEV earnings	**-3**	**18**	**-207**	**-193**
Closing Adjustments	2	0	0	2
Closing EEV as at 31 December 2010	**69**	**504**	**1,206**	**1,779**

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

Key elements of the restatement and initial adjustments:

- The businesses of Mannheimer Krankenversicherung AG (Germany) and UNIQA Life S.p.A. (Italy) are included for the first time in the restated figure for 2009.
- Improvements in the methodology for the allocation of expenses had a positive impact on the restated 2009 figure of EUR 30.4mn.

- The opening adjustments are split into a dividend payment of EUR –34mn and foreign exchange variance of EUR 3mn.

Key elements of the operating EEV earnings:

- The **NBV** as at point of sale written in the year 2010 is EUR 59mn. The negative impact on free surplus is due to non-deferral acquisition expenses.

- The **expected existing business contribution earning on reference rates** is EUR 61mn. It is 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 28mn. This step shows the impact on the shareholder of management's expectation of the additional investment earnings in 2010 above the reference rates.

- **Transfer from VIF and required capital to free surplus** decreases the VIF by EUR 53mn, the expected net profit projected for 2010 from the existing business in-force. RC decreased as the impact of increases 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 -57mn. In this step the deviations from expected to actual operating assumptions (e.g. lapse assumptions) are measured. Details are included in section 3 in the regional analysis.

- **Assumption changes** have a strong positive impact (EUR 120mn) on the total operating EEV earnings. This item covers all operating assumption changes. The major assumption change reflects the of ongoing 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 -98mn. This is mainly due to three changes in the Health business for Austria. The first relates to changes in the model to reflect actual changes in reserving (EUR -41mn), the second reflects changes in profit sharing methodology (EUR -17m) and the final effect reflects the impact of modelling changes in the calculation of risk capital (EUR -35mn).

Key elements of the non-operating EEV earnings:

- The **economic variance** covers impacts arising from the development of the financial markets. The main impacts in 2010 are due to the reduction in interest rates and higher implied volatilities.

  Lower interest rates lead to an increase in cost of options and guarantees to EUR 278mn (2009: EUR 146mn). The total economic variance is EUR -305mn and this is the main driver for the development of the GEV in 2010.

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

The **closing adjustments** were EUR 2mn. These were net capital and dividend flows within the Group.

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 both 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, 2010 to changing various assumptions.

Sensitivities
before minorities, in € millions

	Change in embedded value		Change in new business value	
Base value	**1,779**	100%	**59**	100%
EV change by economic factors				
Risk free yield curve -100bp	-628	-35%	-46	-78%
Risk free yield curve +100bp	325	18%	24	40%
Equity and property market values -10%	-202	-11%	0	0%
Equity and property implied volatilities +25%	-8	0%	0	0%
Swaption implied volatilities +25%	-103	-6%	-6	-10%
EV change by non-economic factors				
Maintenance expenses -10%	167	9%	10	17%
Lapse rates -10%	-7	0%	-5	-8%
Mortality for assurances -5%	15	1%	2	3%
Mortality for annuities -5%	-3	0%	-1	-2%
Required Capital equal to local solvency capital	16	1%	1	1%
Additional sensitivity				
no Liquidity Premium	-164	-9%	-8	-13%
double Liquidity Premium	144	8%	6	9%
Profit sharing (for Austrian Life business) +5%	-61	-3%	-2	-4%

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. For traditional business the surpluses are shared with policyholders but losses are borne fully by the shareholder due to the existence of guarantees.

  Due to lower interest rates and higher interest rate volatilities, these sensitivities were higher than the previous year. The decrease of 100bps to the risk free yield curve reduces the EEV by EUR 628mn or -35%.
- **Decrease of 10% in equity and property market values (at the valuation date)**
  The market value of the equity portfolios has not changed significantly during 2010, and the sensitivity has also not changed relative to 2009. The EEV decreases by EUR 202mn or -11%. 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 -8mn 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 103mn or 37% (in total this reduces the EEV by 6%).

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 167mn or 9%. 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 symmetric, mainly due to the premium adjustments for the Austrian health business. The impact in 2010 is larger than 2009 due to the health business, where changes in the premium adjustments had a larger impact on the value.
- **10% decrease in lapse rates**
  The impact of a 10% proportionate decrease in the lapse rates is a decrease in EEV of EUR 7mn or less than 1%. The main reason there is an overall decrease in EEV when the lapses decrease is due to the health business in Austria. For a 10% increase in lapse rates the effect is not symmetric. There is a stronger positive effect, caused by the Austrian health business.
- **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 15mn 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.

Additional sensitivities:

§ As UNIQA used a liquidity premium in determining the reference rates as at December 31, 2010, additional sensitivities are disclosed to show the impact of changing the liquidity premium.

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

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

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

Table 8: Reconciliation of IFRS equity

The consolidated IFRS equity is shown before minority interests. Goodwill and value of business in-force (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 & Germany:**
  The business in this region includes the life & health business of UNIQA Personenversicherung AG, the life business of Raiffeisen Versicherung AG and Finance Life Lebensversicherung AG and the health business of Mannheimer Krankenversicherung AG.
- **Italy**
  The Italian business includes the life business of UNIQA Previdenza, the life business of UNIQA Life and the health business of UNIQA Assicurazioni.
- **Central Eastern Europe (CEE)**
  The CEE region contains the life companies in the Czech Republic, Hungary, Poland and Slovakia.

Life companies not mentioned above and the non-life companies are included in the GEV on the basis of their adjusted IFRS equity.

Embedded Value 2010 by region
before minorities, in € millions

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

Table 9: European embedded Value by region

Due to the business mix in Austria and Italy, where traditional life business is still a significant business line, the decrease of interest rates and the increase of implied swaption volatility had a major impact in these regions. However, positive developments in unit linked and health business, as well as the overall positive development in CEE, lead to a stable PVFP of EUR 1,687mn (2009: EUR 1,710mn). The total Life & Health EEV decreased to EUR 1,779mn or –11%, mainly as a result of the higher FOG.

The CEE business performance was positive due to the value of new business as at December 31, 2010.

The following table shows the NBV 2010 and 2009 restated for the Life & Health business split by regions before minority interests.

New business value by region
before minorities, in € millions

	Austria & Germany	Italy	CEE	Total
Value of new business 2010	**38**	**4**	**17**	**59**
Annual premium equivalent (APE)	223	55	54	331
New business margin (as % APE)	17.1%	7.1%	31.8%	17.8%
Present value of new business premiums (PVNBP)	1,965	433	436	2,833
New business margin (% of PVNBP)	1.9%	0.9%	3.9%	2.1%
Value of new business 2009 (restated)	**55**	**7**	**15**	**77**
Annual premium equivalent (APE)	215	30	54	299
New business margin (as % APE)	25.4%	23.6%	28.0%	25.7%
Present value of new business premiums (PVNBP)	1,837	197	440	2,475
New business margin (% of PVNBP)	3.0%	3.6%	3.4%	3.1%

Table 10: New business value by region

Overall there was a strong increase in new business volumes, driven by very positive developments in Austria and Italy. However, due to the economic conditions as at December 31, 2010 new business margins decreased in all regions with the exception of CEE.

In Italy there is a significant increase in new business volumes – PVNBP increased to EUR 433mn (2009: EUR197mn). This is due to the business written in the Italian company UNIQA Life, where the cooperation between UNIQA and Veneto Banca shows a very positive development. However, the new business margins in Italy suffered from the adverse economic environment.

The 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 new business in Poland in 2010 accounts for 51% 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 vary between 4% and 14% of PVNBP.

3.2 Austria & Germany

The economic conditions significantly impacted the Austrian & German EEV. The Life & Health EEV for Austria & Germany decreased from EUR 1,727mn in 2009 (on a restated basis) to EUR 1,517mn in 2010 and the NBV decreased from EUR 55mn in 2009 (on a restated basis) to EUR 38mn in 2010.

3.2.1 Analysis of change

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

Analysis of change - 'Austria & Germany'
before minorities, in € millions

	Free Surplus	Required Capital	VIF	EEV
Opening EEV as at 31 December 2009, reported	**42**	**423**	**1,199**	**1,664**
Opening EEV as at 31 December 2009, restated	**47**	**430**	**1,250**	**1,727**
Capital and Dividend Flows	*-33*	*0*	*0*	*-33*
Foreign Exchange Variances	*0*	*0*	*0*	*0*
Acquired/Divested Businesses	*0*	*0*	*0*	*0*
Opening adjustments	-33	0	0	-33
Adjusted Opening EEV as at 31 December 2009	**15**	**430**	**1,250**	**1,694**
New business value	-39	18	59	38
Expected existing business contribution *(reference rate)*	5	0	45	50
Expected existing business contribution *(in excess of ref. rate)*	2	0	23	25
Transfer from VIF and required capital to free surplus	68	-31	-37	0
Experience variances	-69	15	-7	-61
Assumption changes	0	0	127	127
Other operating variance	0	0	-98	-98
Operating EEV earnings	**-32**	**2**	**112**	**81**
Economic variances	33	1	-300	-266
Other non operating variance	0	0	0	0
Total EEV earnings	**1**	**3**	**-188**	**-184**
Closing Adjustments	7	0	0	7
Closing EEV as at 31 December 2010	**23**	**432**	**1,062**	**1,517**

Table 11: Analysis of change – Austria & Germany

The increase of EUR 63mn to the restated EEV as at year-end 2009 results from the inclusion of Mannheimer Krankenverischerung AG and improvements in the methodology for the allocation of expenses.

NBV for Austrian & German Life & Health business is EUR 38mn, allowing for a new business strain of EUR 21mn. Operating EEV earnings in total developed positively (EUR 81mn in total EEV).

The decrease in interest rates and increase in implied swaption volatilities led to an economic variance of EUR -266mn in the EEV.

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 & German Life & Health business before minority interests.

Sensitivities - 'Austria & Germany' before minorities, in € millions	Change in embedded value		Change in new business value	
Base value	**1,517**	100%	**38**	100%
EV change by economic factors				
Risk free yield curve -100bp	-585	-39%	-36	-95%
Risk free yield curve +100bp	289	19%	18	47%
Equity and property market values -10%	-181	-12%	0	0%
Equity and property implied volatilities +25%	-8	-1%	0	1%
Swaption implied volatilities +25%	-95	-6%	-6	-15%
EV change by non-economic factors				
Maintenance expenses -10%	151	10%	9	23%
Lapse rates -10%	-13	-1%	-7	-18%
Mortality for assurances -5%	12	1%	2	5%
Mortality for annuities -5%	-3	0%	-1	-3%
Required Capital equal to local solvency capital	16	1%	1	1%
Additional sensitivity				
no Liquidity Premium	-159	-11%	-7	-19%
double Liquidity Premium	140	9%	5	14%
Profit sharing (for Austrian Life business) +5%	-61	-4%	-2	-6%

Table 12: Sensitivities – Austria & Germany

The sensitivities to reference rates have the most significant impact on the EEV as well as on the NBV, and have increased as at year end 2010 when compared to year end 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 585mn or –39% 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 151mn or 10%. The impact in 2010 is larger than 2009 due to the health business, where changes in the premium adjustments had a larger impact on the value. The decrease in embedded value for a decrease in lapse rates is due to the health business.

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 decreased from EUR 122mn (on a restated basis) to EUR 100mn, including a NBV of EUR 4mn.

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 EEV as at 31 December 2009, reported	**14**	**30**	**57**	**101**
Opening EEV as at 31 December 2009, restated	**34**	**30**	**58**	**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 EEV as at 31 December 2009	**34**	**30**	**58**	**122**
New business value	-19	13	9	4
Expected existing business contribution *(reference rate)*	2	0	5	7
Expected existing business contribution *(in excess of ref. rate)*	0	0	1	1
Transfer from VIF and required capital to free surplus	8	-1	-6	0
Experience variances	3	1	-1	2
Assumption changes	0	0	0	0
Other operating variance	0	0	0	0
Operating EEV earnings	**-6**	**13**	**7**	**14**
Economic variances	0	0	-35	-36
Other non operating variance	0	0	0	0
Total EEV earnings	**-6**	**13**	**-28**	**-22**
Closing Adjustments	0	0	0	0
Closing EEV as at 31 December 2010	**28**	**43**	**30**	**100**

Table 13: Analysis of change - Italy

The increase in restated Italian EEV is due to the inclusion of UNIQA Life S.p.A. in the scope of the GEV, which increases the Free Surplus by EUR 20mn and the VIF by EUR 1mn.

Operating EEV earnings are EUR 14mn. The largest contributor to this is the expected existing business contribution (EUR 8mn).

Economic variance of EUR -36mn, mainly as a result of lower interest rates, leads to an overall EEV for the Italian Life & Health business of EUR 100mn.

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 embedded value		Change in new business value	
Base value	**100**	100%	**4**	100%
EV change by economic factors				
Risk free yield curve -100bp	-34	-34%	-11	-286%
Risk free yield curve +100bp	34	34%	7	179%
Equity and property market values -10%	-18	-18%	0	0%
Equity and property implied volatilities +25%	0	0%	0	-1%
Swaption implied volatilities +25%	-8	-8%	-1	-15%
EV change by non-economic factors				
Maintenance expenses -10%	8	8%	0	-10%
Lapse rates -10%	1	1%	1	17%
Mortality for assurances -5%	1	1%	-1	-26%
Mortality for annuities -5%	0	0%	0	-3%
Required Capital equal to local solvency capital	0	0%	0	0%
Additional sensitivity				
no Liquidity Premium	-5	-5%	-1	-14%
double Liquidity Premium	5	5%	0	8%

Table 14: Sensitivities – Italy

3.4 Central Eastern Europe (CEE)

The Life & Health EEV for CEE increased from EUR 150mn (on a restated basis) to EUR 162mn, including a NBV of EUR 17mn.

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 EEV as at 31 December 2009, reported	**22**	**26**	**104**	**151**
Opening EEV as at 31 December 2009, restated	**22**	**26**	**103**	**150**
Capital and Dividend Flows	*-1*	*0*	*0*	*-1*
Foreign Exchange Variances	*0*	*1*	*2*	*3*
Acquired/Divested Businesses	*0*	*0*	*0*	*0*
Opening adjustments	-1	1	2	2
Adjusted Opening EEV as at 31 December 2009	**21**	**26**	**105**	**153**
New business value	-14	8	22	17
Expected existing business contribution *(reference rate)*	1	1	3	4
Expected existing business contribution *(in excess of ref. rate)*	0	0	2	2
Transfer from VIF and required capital to free surplus	15	-5	-10	0
Experience variances	5	-1	-2	2
Assumption changes	-5	0	-2	-7
Other operating variance	0	0	0	0
Operating EEV earnings	**3**	**2**	**14**	**19**
Economic variances	0	0	-4	-4
Other non operating variance	0	0	-1	-1
Total EEV earnings	**2**	**2**	**9**	**14**
Closing Adjustments	-5	0	0	-5
Closing EEV as at 31 December 2010	**18**	**29**	**114**	**162**

Table 15: Analysis of change – CEE

Operating EEV earnings are EUR 19mn, including a new business value of EUR 17mn.

As seen for the other regions, CEE also shows a negative influence of economic variance of EUR –4mn.

In total, the EEV of the CEE countries increases to EUR 162mn, an increase of 8% relative to the restated 2009 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 embedded value		Change in new business value	
Base value	**162**	100%	**17**	100%
EV change by economic factors				
Risk free yield curve -100bp	-9	-5%	1	8%
Risk free yield curve +100bp	2	1%	-1	-7%
Equity and property market values -10%	-2	-1%	0	0%
Equity and property implied volatilities +25%	0	0%	0	0%
Swaption implied volatilities +25%	0	0%	0	0%
EV change by non-economic factors				
Maintenance expenses -10%	9	5%	2	9%
Lapse rates -10%	5	3%	2	10%
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				
no Liquidity Premium	1	0%	0	0%
double Liquidity Premium	-1	-1%	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 & Germany – UNIQA Personenversicherung AG, Raiffeisen Versicherung AG, FinanceLife Lebensversicherung AG and Mannheimer Krankenversicherung AG; the Life & Health business in Italy written by UNIQA Assicurazioni, UNIQA Previdenza and UNIQA Life S.p.A.; 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 2009 and 2010 of these equity holdings are higher than the values shown in the consolidated IFRS balance sheets. These estimated market values are disclosed in the 2010 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, 2009 and December 31, 2010 after adjusting for minority interests and deferred tax are fully included in the ANAV for the Property and Casualty segment. As at December 31, 2010 and December 31, 2009 a part of these holdings were allocated to the Austrian Life & Health businesses. The additional value from these equity holdings amounted to EUR 10.9mn at December 31, 2010 and EUR 13.7mn at December 31, 2009 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 504.4mn at December 31, 2010 and EUR 485.9mn at December 31, 2009. A part of the solvency margin requirements can be covered by subordinated debt and policyholder funds.

4.3 Value of In-Force and Time Value of 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 3% 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 in 2010 (as well as in 2009). The liquidity premium is observed from observable market data and based on the following methodology:

- Considering the proposed assessment from CRO Forum leads to a basis premium of 34bp.
- Liquidity premium is applied to forward rates and flat for all maturities.
- 75% of the basis premium is used for participating business and 50% for other business.

For all other currencies no liquidity premium was assumed.

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

Table 17: Reference rates as at 31 December

	Liquidity Premium 2010		Liquidity Premium 2009	
Base premium	**34bp**	**100%**	**34bp**	**100%**
Participating life business	25bp	75%	25bp	75%
Unit and index linked business	17bp	50%	25bp	75%
Health business	17bp	50%	25bp	75%
Others	0bp	0%	25bp	75%

Table 18: EUR Liquidity Premium as at 31 December

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

*) 5 to 5 implied swaption volatility

Table 19: Other EUR economic assumptions

	Exchange rate		Tax rate	
	2010	2009	2010	2009
UNIQA Austria	-	-	25.00%	25.00%
UNIQA Germany	-	-	30.50%	30.50%
UNIQA Italy	-	-	32.40%	32.40%
UNIQA CZ	25.06	26.47	19.00%	19.00%
UNIQA HU	277.95	270.42	19.00% + 2.3% **)	19.00% + 2.3% *)
UNIQA SK	-	-	19.00%	19.00%
UNIQA PL	3.98	4.10	19.00%	19.00%

*) Muncipal Tax & innovation fee
**) including additional crisis tax

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 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

23 May 2011

Dear Herr Bogner,

Review of Group Embedded Value of UNIQA Versicherungen AG as at 31 December 2010

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 2010".

These Statements comprise:

- the European Embedded Values of the main Life and Health insurance businesses in Austria, Germany, Italy, the Czech Republic, Slovakia, Hungary and Poland as at 31 December 2009 and 31 December 2010 together with the value of new business generated, the sensitivities and the earnings analyses during the year 2010;
- the Adjusted Net Asset Values as at 31 December 2009 and 31 December 2010 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,

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 21: Glossary and abbreviations

Table of Figures