

## ■ VIG – The CEE story lies still ahead

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### Austrian Investors Conference, London

February 2, 2012

## **VIG in 2011 (preliminary)**

CEE potential

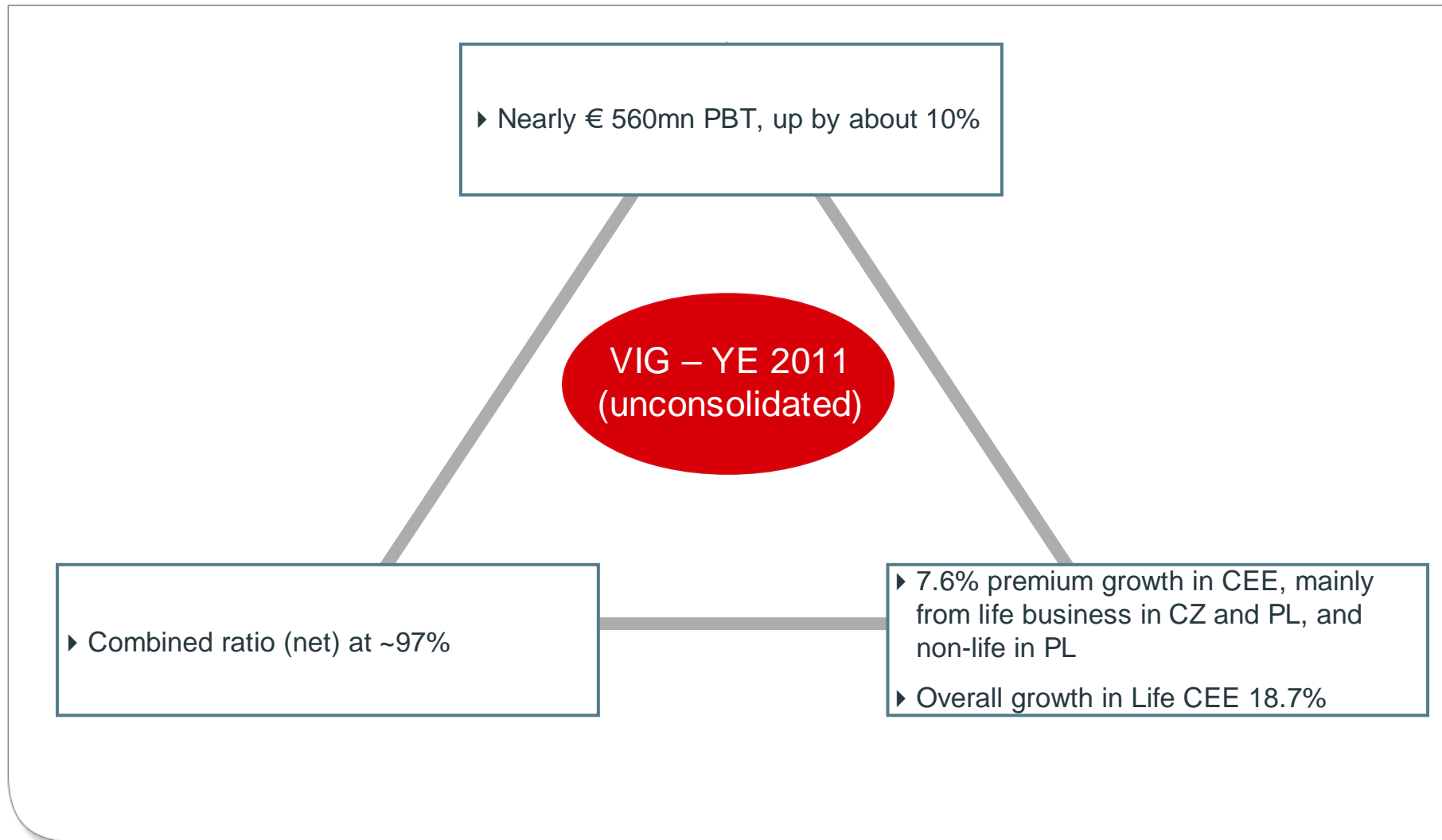
VIG's performance

Summary

Appendix

# Preliminary YE 2011 Highlights

Excellent development (unconsolidated, unaudited)



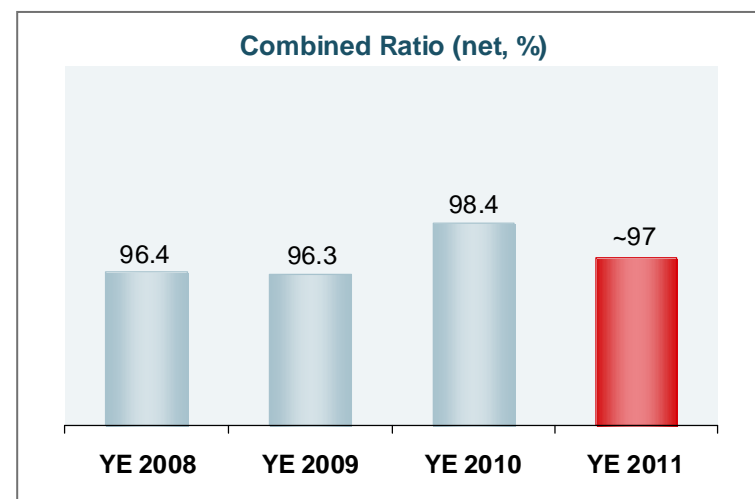
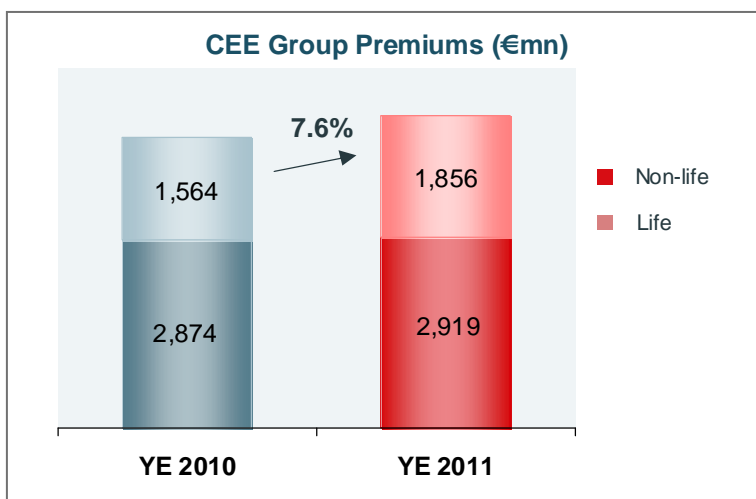
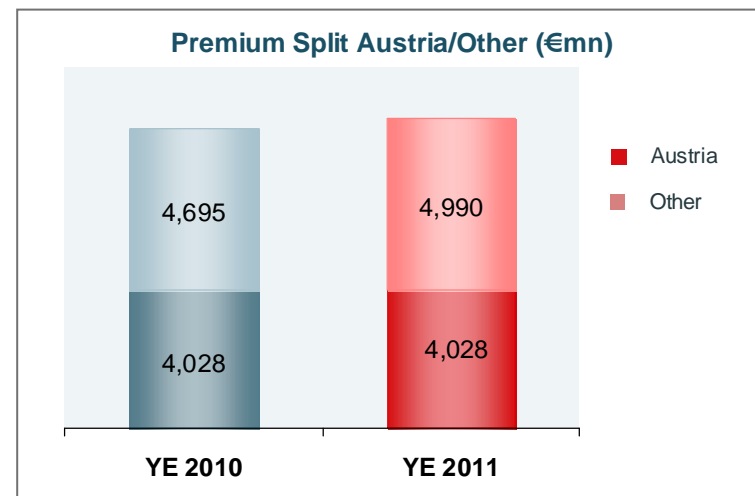
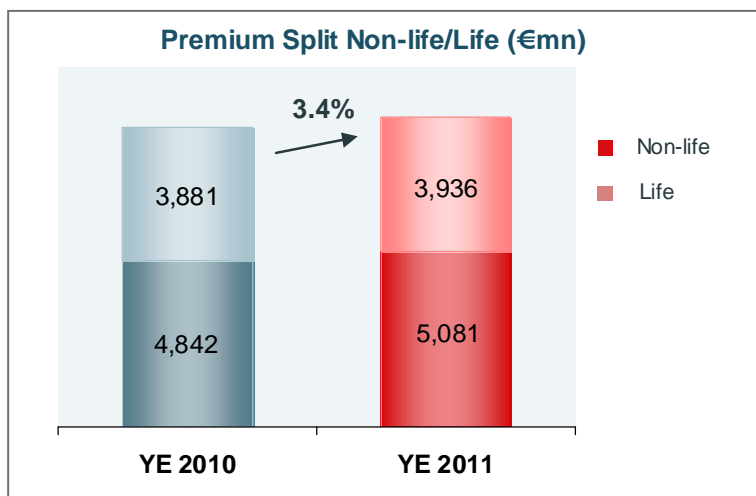
# Preliminary YE 2011 Financial Highlights



VIENNA INSURANCE GROUP

VIG in 2011 (prelim.)

Growth of premiums (unconsolidated, unaudited) by 3.4% to € 9.0bn



# Preliminary YE 2011 Premium Development



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VIG in 2011 (prelim.)

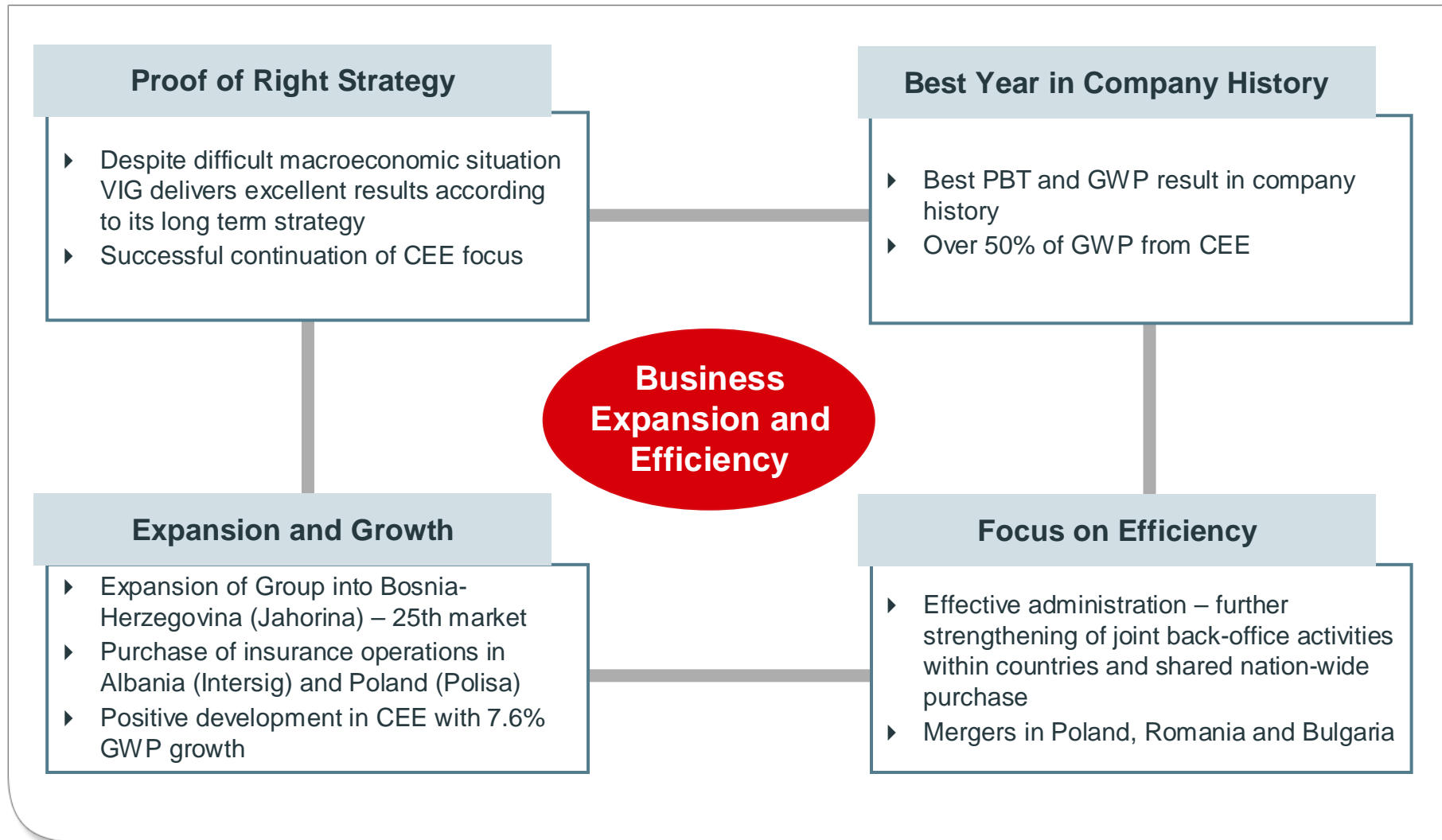
Based on EUR million (unconsolidated, unaudited)

€mn	GWP Non-Life			GWP Life			GWP Total		
	YE 2011	YE 2010		YE 2011	YE 2010		YE 2011	YE 2010	
Austria	2,087.2	1,894.7	10.2%	1,940.5	2,133.5	-9.0%	4,027.7	4,028.3	0.0%
Czech Rep.	1,106.1	1,098.6	0.7%	837.1	740.4	13.1%	1,943.2	1,839.0	5.7%
Slovakia	323.3	318.4	1.5%	363.2	340.5	6.7%	686.5	658.9	4.2%
Poland	618.5	564.9	9.5%	343.6	188.7	82.1%	962.1	753.6	27.7%
Romania	410.0	442.5	-7.4%	100.9	93.5	7.9%	510.9	536.0	-4.7%
Sundry	536.0	523.0	2.5%	351.1	384.3	-8.7%	887.1	907.4	-2.2%
<i>Hungary</i>	52.6	50.4	4.3%	89.3	84.3	6.0%	141.9	134.7	5.4%
<i>Croatia</i>	42.3	47.5	-11.0%	55.7	61.3	-9.1%	98.0	108.8	-9.9%
<i>Serbia</i>	26.2	24.3	8.2%	21.3	21.6	-1.4%	47.5	45.9	3.7%
<i>Bulgaria</i>	90.2	113.9	-20.9%	14.4	13.6	6.3%	104.6	127.5	-18.0%
<i>Ukraine</i>	59.8	53.3	12.2%	2.5	1.3	86.4%	62.3	54.6	14.0%
<i>Turkey</i>	106.6	97.0	9.8%	0.0	0.0	-	106.6	97.0	9.8%
<i>Baltics</i>	0.0	0.0	-	24.0	17.1	40.5%	24.0	17.1	40.5%
<i>Albania<sup>1</sup></i>	24.3	16.2	50.0%	0.0	0.0	-	24.3	16.2	50.0%
<i>Georgia</i>	33.0	37.3	-11.7%	1.1	1.1	4.7%	34.1	38.4	-11.2%
<i>Bosnia</i>	12.2	0.0	-	0.3	0.0	-	12.5	0.0	-
<i>Montenegro</i>	0.0	0.0	-	0.3	0.0	-	0.3	0.0	-
<i>Macedonia</i>	8.6	6.1	40.8%	0.4	0.0	-	9.1	6.1	47.9%
<i>Other<sup>2</sup></i>	4.9	3.7	33.9%	2.1	1.2	77.8%	7.0	4.9	43.3%
<i>Liechtenstein</i>	0.0	0.0	-	72.2	118.8	-39.2%	72.2	118.8	-39.2%
<i>Germany</i>	75.3	73.2	2.9%	67.5	64.2	5.1%	142.8	137.4	4.0%
<b>Total</b>	<b>5,081.1</b>	<b>4,842.1</b>	<b>4.9%</b>	<b>3,936.4</b>	<b>3,880.9</b>	<b>1.4%</b>	<b>9,017.5</b>	<b>8,723.1</b>	<b>3.4%</b>

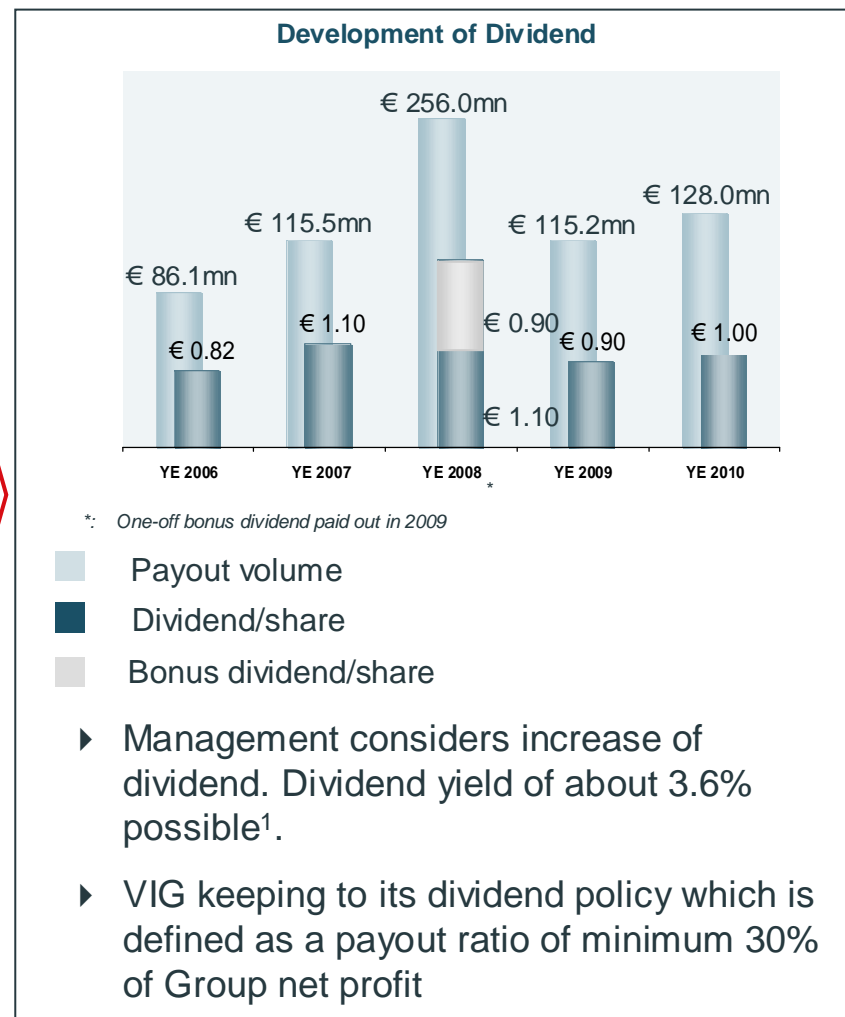
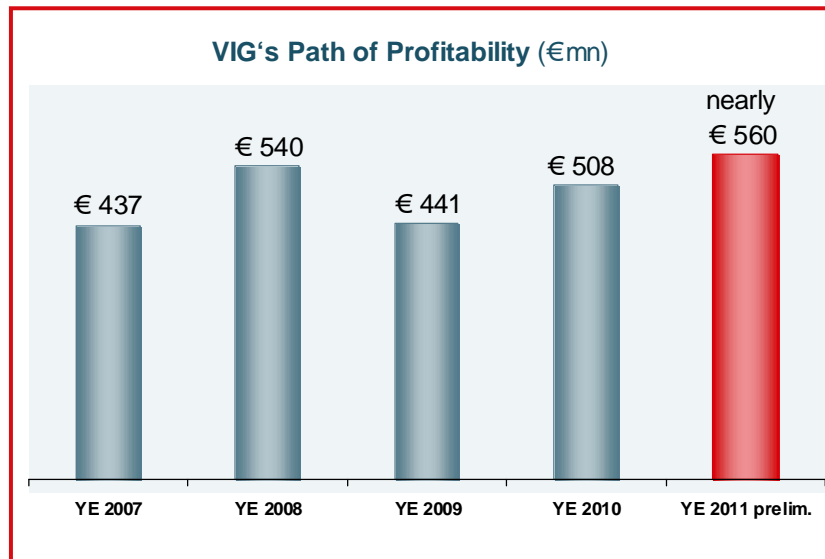
1: Albania involves also Kosovo

2: Belarus, Russia

# Achievements in 2011



# Preliminary PBT/Dividend



1: Based on YE share price and subject to the approval of the corporate bodies.

VIG in 2011 (preliminary)

**CEE potential**

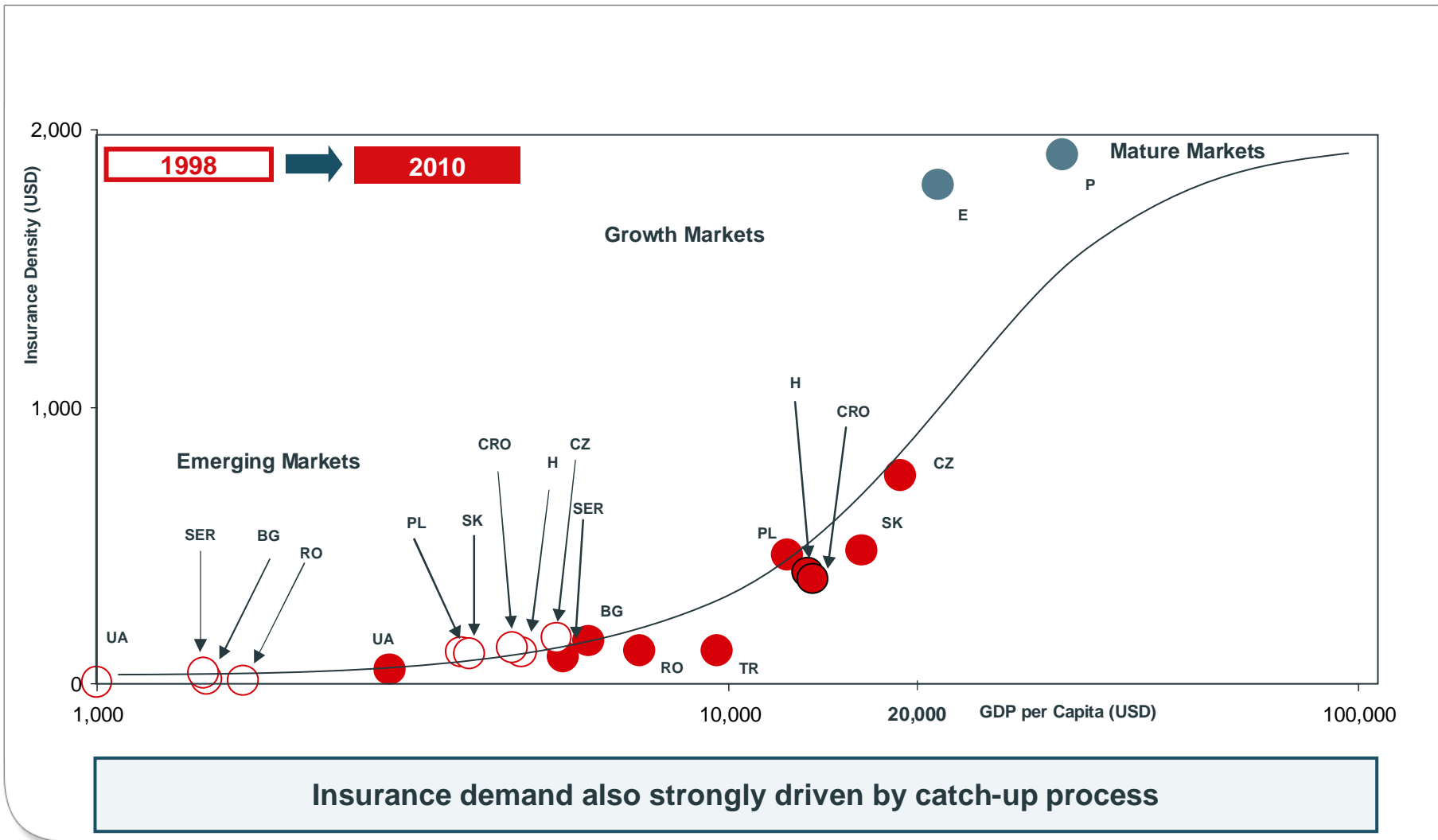
VIG's performance

Summary

Appendix

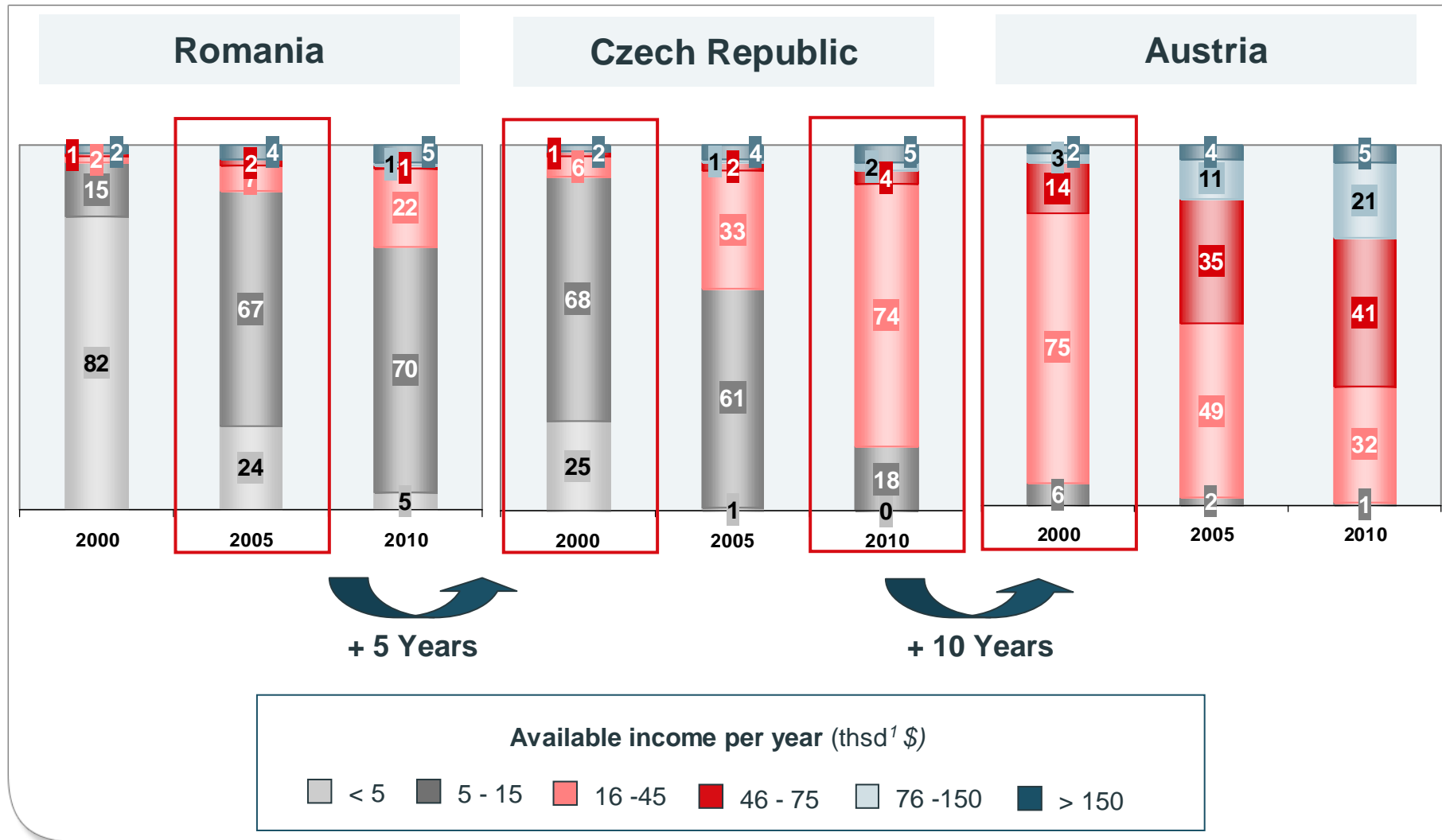
# VIG – The Basic Concept

GDP growth and under-penetration are insurance drivers



# CEE Potential (I): Development of Income

5-10 years delay between different countries



1: 2010; total available income private household; Source: Eurostat

# CEE Potential (II): Catch-up Potential in CEE

## Austrian example to be followed

Austrian Insurance Market				
Year	Premium Income (€bn)	Insurance penetration (%)	Density (€)	GDP/Capita (€)
1970	0.81	3.0%	109	3,659
1978	2.41	3.8%	318	8,329
1984	3.98	4.2%	526	12,469
2010	16.80	5.9%	1,997	33,856

x7.0 (between 1978 and 2010 Premium Income)  
x6.3 (between 1978 and 2010 Density)

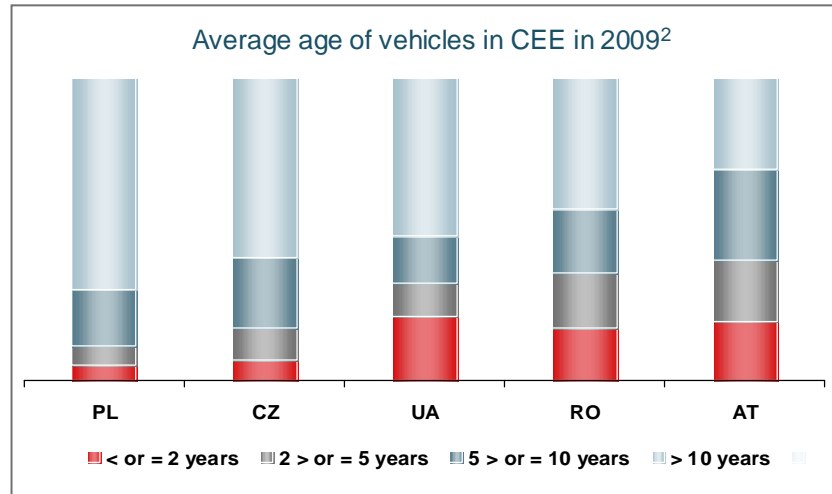
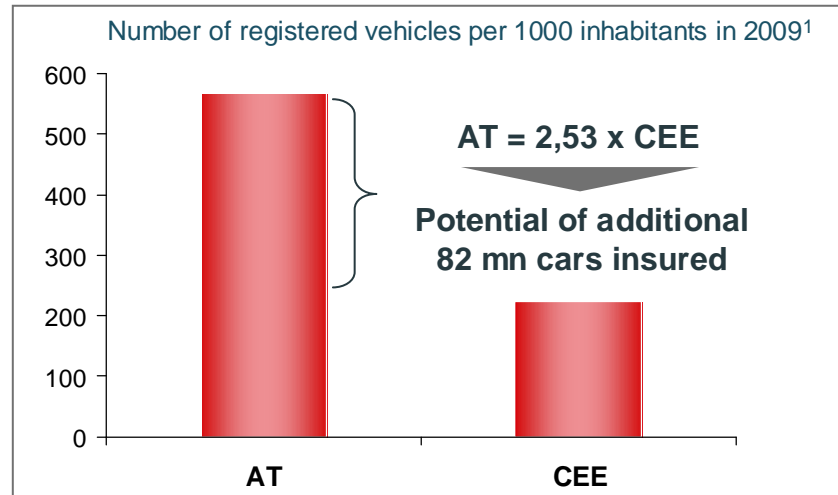
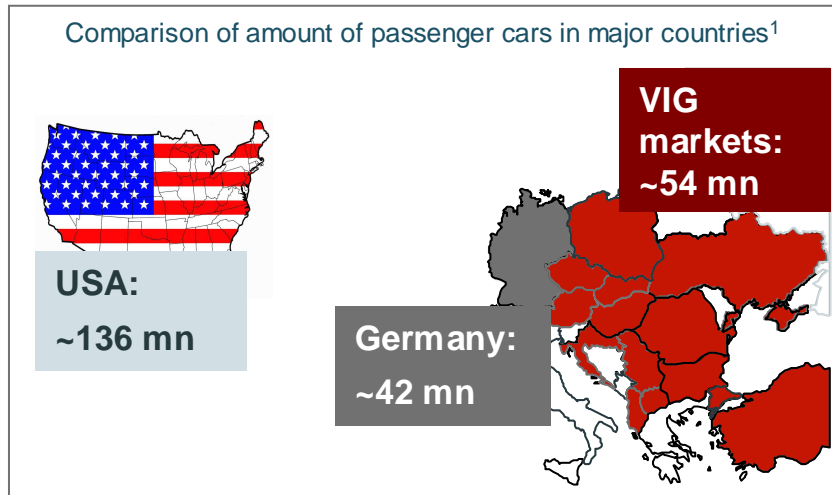
CEE Insurance Markets in 2010			
Country	Insurance Penetration (%)	Density (€)	GDP/Capita (€)
Ukraine	1.9%	41	2,907
Serbia	1.8%	75	4,133
Romania	1.7%	93	5,464
Bulgaria	2.5%	115	4,526
Hungary	3.0%	301	10,108
Croatia	2.8%	286	10,286
Poland	3.7%	244	9,399
Slovakia	3.0%	362	12,293
Czech Republic	4.0%	568	14,152

### Insurance market development in CEE:

- Currently similar starting line as in Austria 30-40 years ago
- Strong catch-up potential recognized
- Higher growth dynamics than in Austria to be expected

# CEE Potential (III): Motor Insurance

## Motor underpenetration combined with older vehicles



### Triggers for future motor business

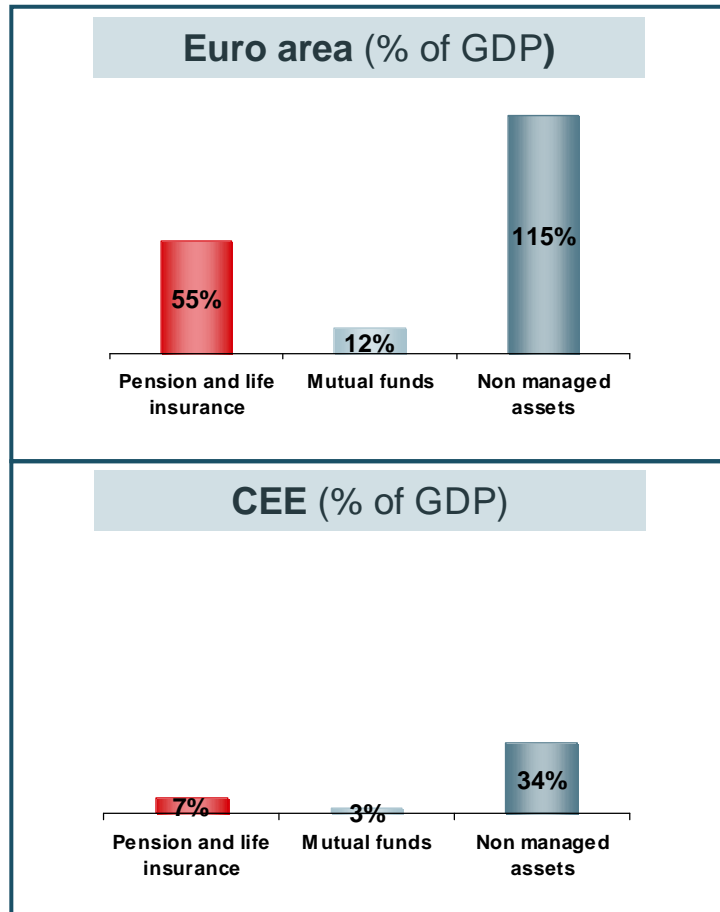
- ▶ Expected catch-up in motor penetration sets basis for huge MTPL volume growth
- ▶ In addition, exchange of old car park by new vehicles in CEE creates potential for motor comprehensive (Casco) insurance
- ▶ VIG is set to catch largest portion of new business due to broadest distribution network

Source: 1:www.unece.org, WiiW, 2: www.unece.org, for Ukraine data for 2008

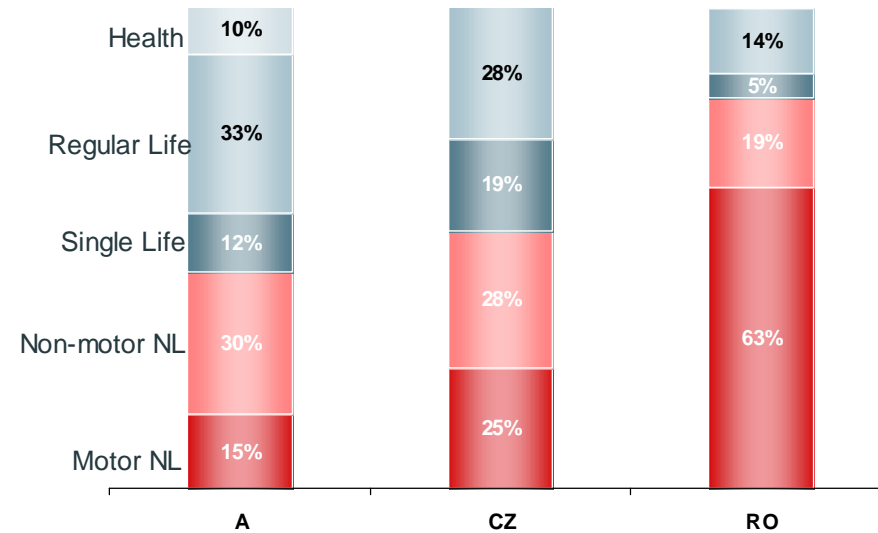
# CEE Potential (IV): Life Insurance

Life is coming in with building of a middle class

## Households' Wealth Composition<sup>1</sup>



## Break Down of Business Lines<sup>2</sup> (%)



## VIG Life insurance trends

- ▶ Substantial under-penetration of life insurance in CEE compared to Western Europe
- ▶ Middle class creation supports life insurance growth
- ▶ Life insurance expected to become important pillar in planned pension system reforms in CEE

Source: 1: Unicredit Group, 2009, 2: local insurance authorities

# CEE Potential (V): Regulatory Trends

Structural changes will allow for new product lines and volumes

<b>Market</b>	<p><b>Regulatory changes to come in CEE</b></p> <ul style="list-style-type: none"><li>▶ Reform of pension systems: creation of 2nd and 3rd pillar in pension systems</li><li>▶ Reform of health insurance with aim to allow private add-ons to public health insurance</li><li>▶ More sophisticated and experienced legal systems set basis for legal expenses insurance</li><li>▶ Increasing importance of assistance services</li></ul>
<b>VIG</b>	<p><b>VIG is ready for action</b></p> <ul style="list-style-type: none"><li>▶ Pension insurance in place to be rolled out quickly</li><li>▶ Basic private health insurance products already being introduced</li><li>▶ Active consultancy of decision makers for the design of health system</li><li>▶ Legal expenses insurance already sold with motor business</li><li>▶ Increased focus on NL insurance riders such as assistance</li></ul>

VIG in 2011 (preliminary)

CEE potential

**VIG's performance**

Summary

Appendix

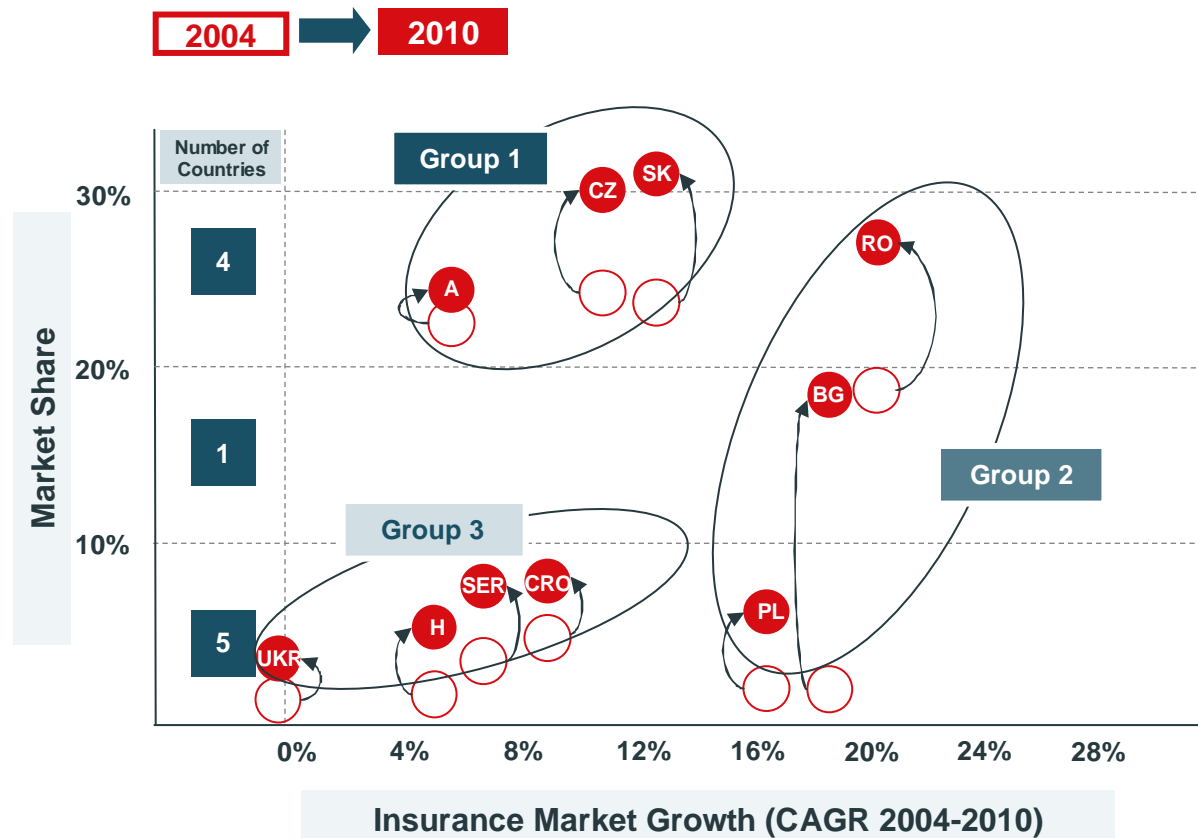
# VIG Is Well Positioned in its Core Markets



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VIG's performance

## Steady increase of market share within short period



### Group 1

Pop: 24.3mn
GDP/Cap.: \$ 27,202 <sup>1</sup>
Density: \$ 1,349 <sup>2</sup>

### Group 2

Pop: 67.1mn
GDP/Cap.: \$ 10,075 <sup>1</sup>
Density: \$ 321 <sup>2</sup>

### Group 3

Pop: 67.1 mn
GDP/Cap.: \$ 5,455 <sup>1</sup>
Density: \$ 132 <sup>2</sup>

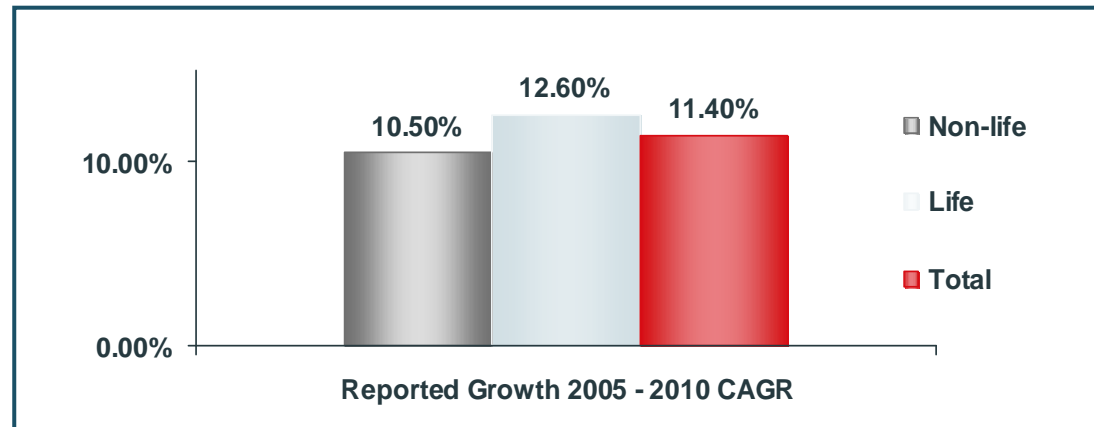
Source: Swiss RE 04/2005; 02/2011, company data YE 2004; 9M 2010, VVO

1: Weighted average GDP/Cap. of respective group

2: Weighted average density of respective group

# VIG – Excellent Past Performance (I)

## VIG growth rates outperform market



- ▶ VIG showed strong double digit growth in 2005-2010 despite economic crisis and significant negative effects on CEE currencies
- ▶ More than 50% of growth was organic
- ▶ VIG continuously outperformed the market by more than 20% organically

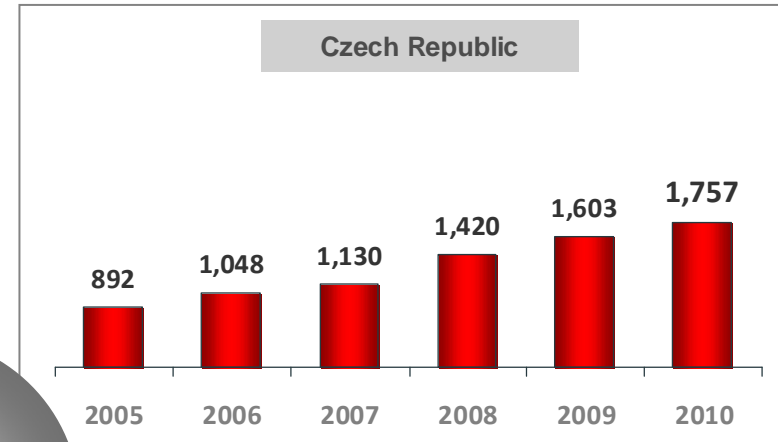
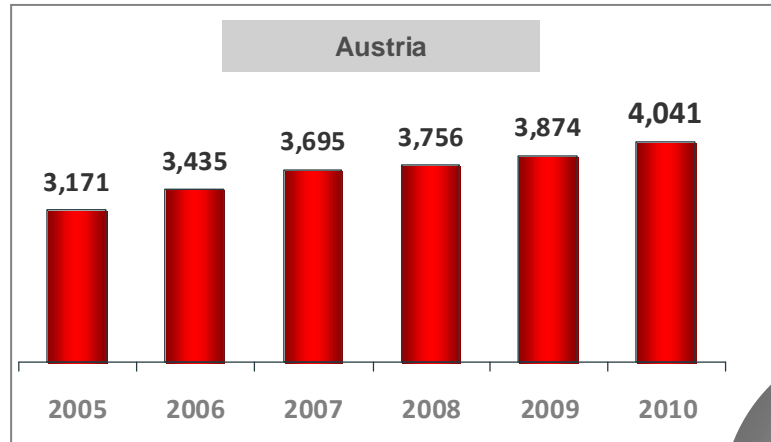
# VIG – Excellent Past Performance (II)



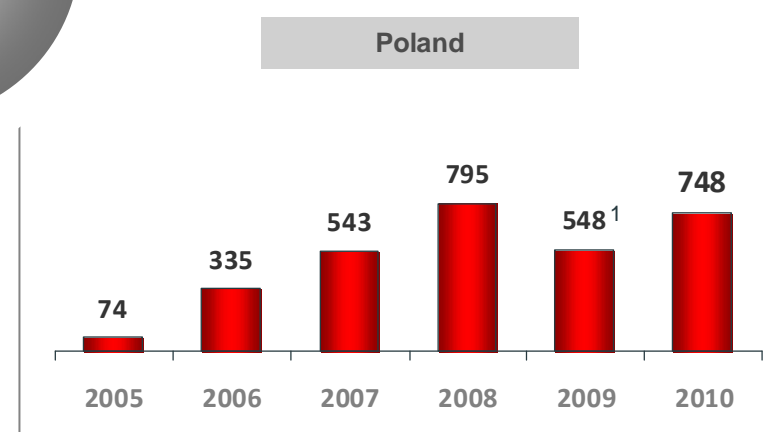
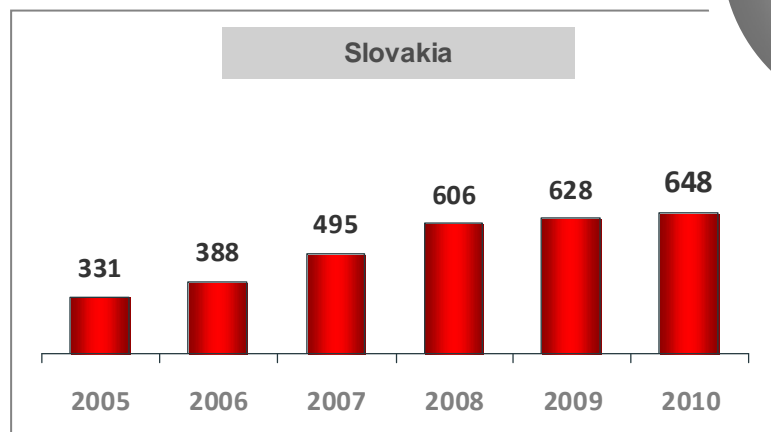
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VIG's performance

GWP in major markets (€mn): companies show steady upward trend



Steady growth



1: Crisis-related reduction of tax-driven single premium life products

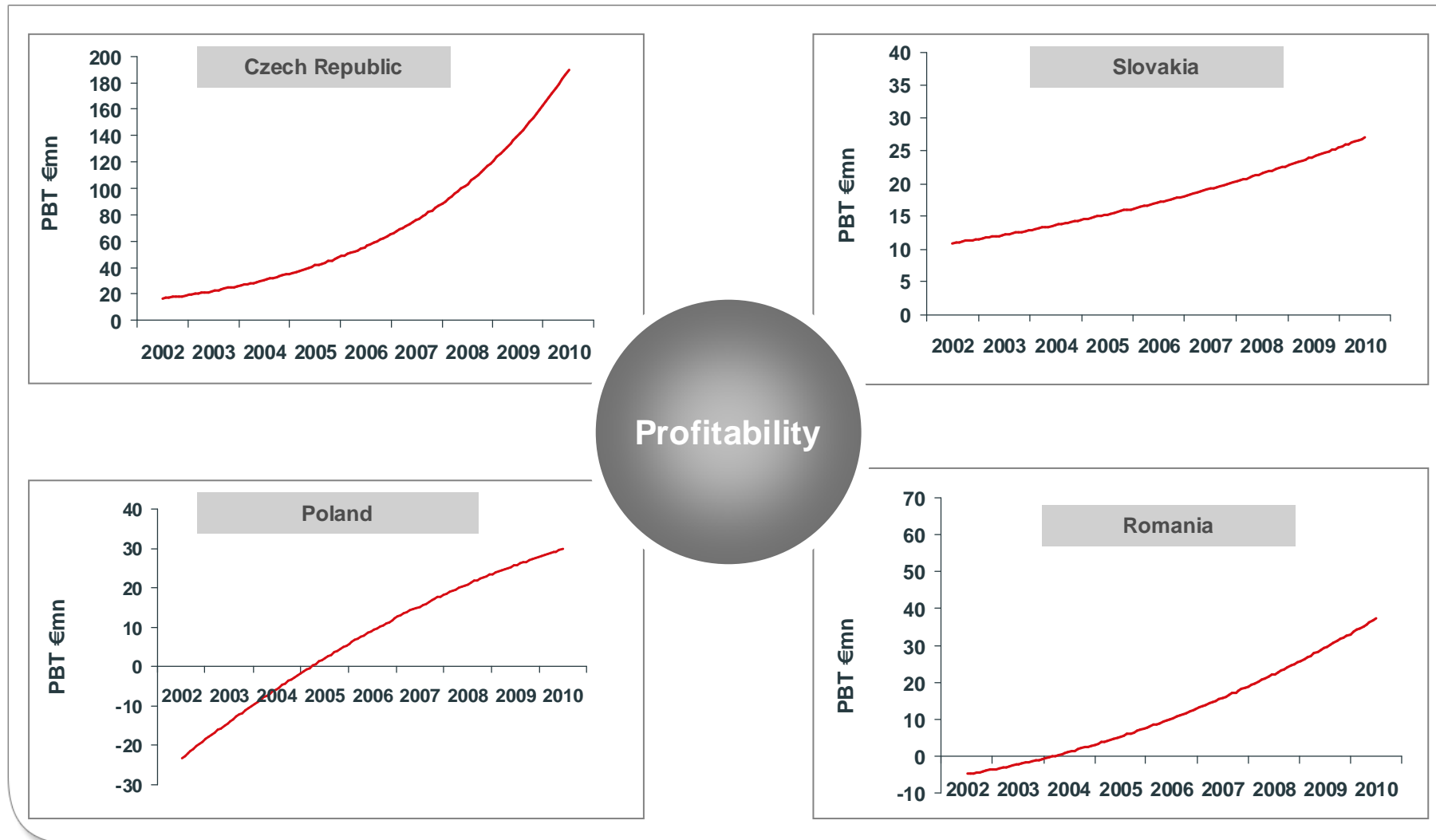
# VIG – Excellent Past Performance (III)



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VIG's performance

## PBT trend in major CEE markets from 2002 - 2010



# Peer Group Comparison

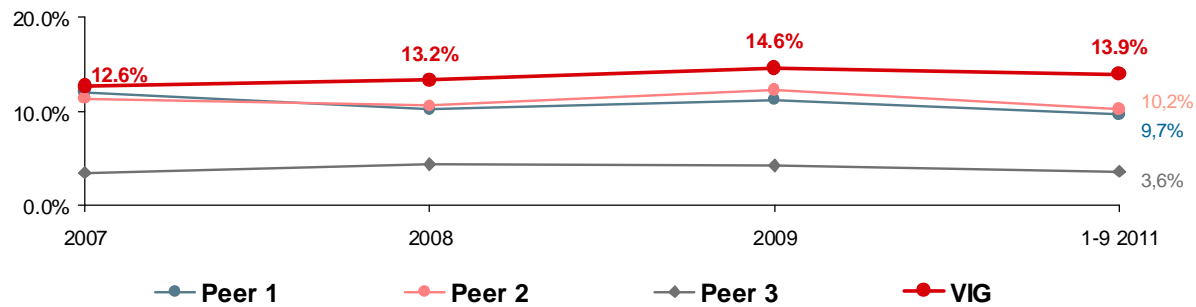


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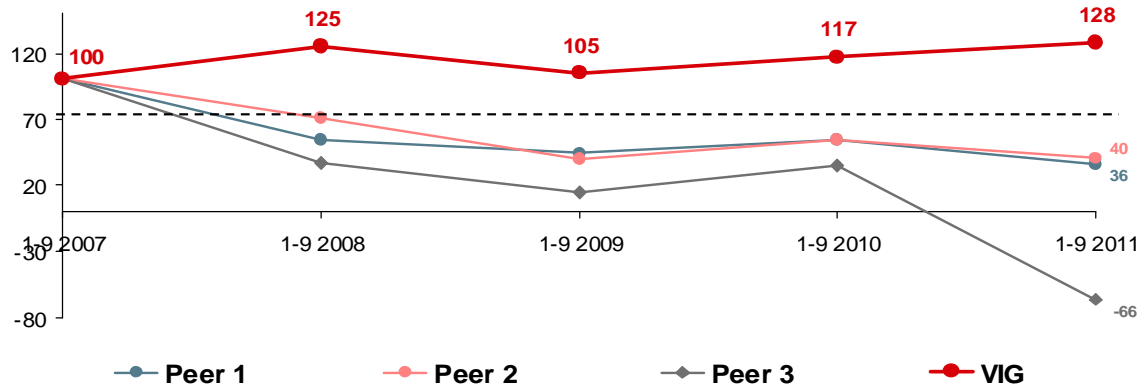
VIG's performance

## Market share and PBT outperformance

### Market share development in CEE



### PBT (indexed in %)



Source: Company reports

VIG in 2011 (preliminary)

CEE potential

VIG's performance

**Summary**

Appendix

# VIG Keeps Promises

## Strategic and operative progress

Summary

Undertakings	Achievements
<ul style="list-style-type: none"><li>▶ Strengthening of leading position in Austria</li></ul>	<ul style="list-style-type: none"><li>▶ VIG reached undisputed no.1 position in AT</li></ul>
<ul style="list-style-type: none"><li>▶ Expansion of CEE business through acquisitions and organic growth</li></ul>	<ul style="list-style-type: none"><li>▶ CEE premium volume doubled</li><li>▶ Increased franchise through cooperation with Erste Bank</li><li>▶ Ongoing expansion into additional countries</li><li>▶ VIG is no. 1 in its core markets and has reached leading positions in most of its major markets</li></ul>
<ul style="list-style-type: none"><li>▶ Keep/improve financial strength</li></ul>	<ul style="list-style-type: none"><li>▶ S&amp;P rating improved to A+</li><li>▶ Excellent solvency ratio combined with presentable ROE</li></ul>
<ul style="list-style-type: none"><li>▶ Increase in profitability</li></ul>	<ul style="list-style-type: none"><li>▶ PBT boosted between 2005 – 2010</li><li>▶ Acquired bank insurer group's performance exceeds VIG's 2008 expectations</li></ul>

VIG in 2011 (preliminary)

CEE potential

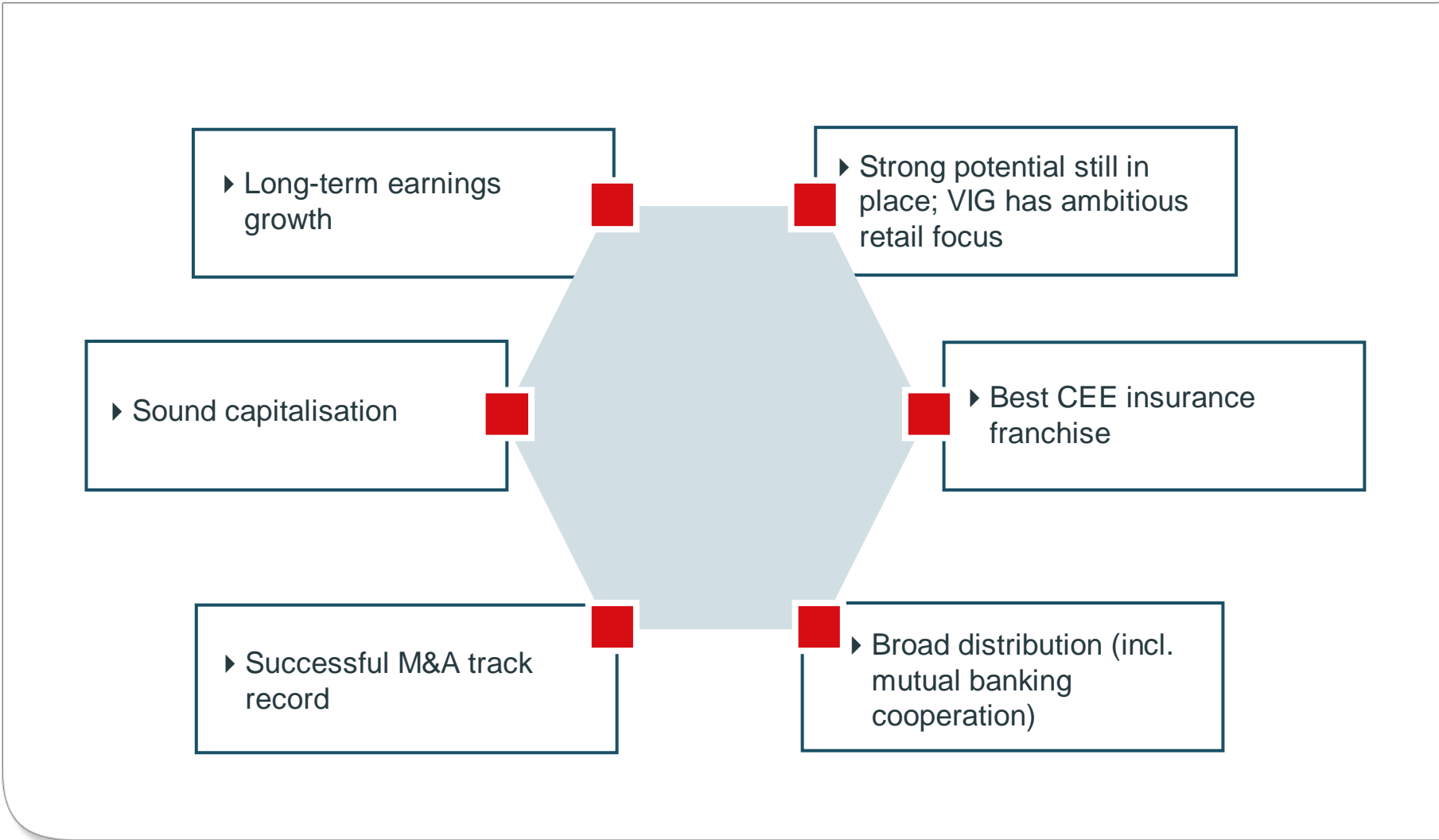
VIG's performance

Summary

**Appendix**

# Investment Case

## Management fundamentals



# Management Focus

## Remain committed to proven fundamentals

Appendix

Steering approach	Multi-brand	Multi-channel																																													
<p>▶ Historically multi-brand was best approach to obtain as much market share as possible</p> <p><b>Adapted multi-brand approach</b></p> <ul style="list-style-type: none"> <li>▶ Assessment of value added by each brand</li> <li>▶ Focus on efficiency</li> <li>▶ Merger potential evaluation</li> <li>▶ Joint back-office activities within countries</li> <li>▶ Shared nation-wide purchase</li> </ul>		<table border="1"> <thead> <tr> <th></th> <th>Tied agents</th> <th>Banks</th> <th>Brokers</th> <th>Other<sup>1</sup></th> </tr> </thead> <tbody> <tr> <td>Austria</td> <td>●</td> <td>●</td> <td>●</td> <td>○</td> </tr> <tr> <td>Czech Rep.</td> <td>●</td> <td>○</td> <td>○</td> <td>○</td> </tr> <tr> <td>Slovakia</td> <td>●</td> <td>○</td> <td>●</td> <td>○</td> </tr> <tr> <td>Romania</td> <td>●</td> <td>○</td> <td>●</td> <td>○</td> </tr> <tr> <td>Poland</td> <td>●</td> <td>●</td> <td>●</td> <td>○</td> </tr> <tr> <td>Hungary</td> <td>○</td> <td>●</td> <td>●</td> <td>●</td> </tr> <tr> <td>Croatia</td> <td>●</td> <td>○</td> <td>○</td> <td>○</td> </tr> <tr> <td>Others</td> <td>●</td> <td>●</td> <td>●</td> <td>○</td> </tr> </tbody> </table>		Tied agents	Banks	Brokers	Other <sup>1</sup>	Austria	●	●	●	○	Czech Rep.	●	○	○	○	Slovakia	●	○	●	○	Romania	●	○	●	○	Poland	●	●	●	○	Hungary	○	●	●	●	Croatia	●	○	○	○	Others	●	●	●	○
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Multi-brand and multi-channel remain core success factors for VIG

<sup>1</sup>: direct insurance, leasing, car dealers, affinity groups,...

# Trends in CEE: VIG actions

## Key components for future performance

### Group Issues

- ▶ Focus on earning potentials
- ▶ Investment income from reserves building up as source of profit
- ▶ Multi-brand strategy to be continued, but with increased merger efficiency consideration
- ▶ Internal benchmarking of peer groups
- ▶ Emphasis on add-on services to insurance
- ▶ Assessing of special sales channels

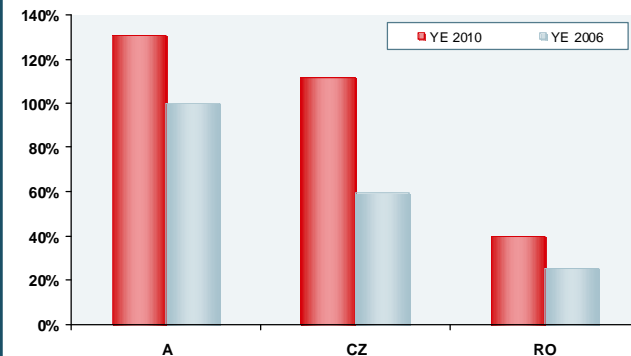
### Life/Health

- ▶ Growth of business with Erste Group: aim to insure every 2nd client of 17 millions of Erste Group clients
- ▶ Monitoring of pension and social system reforms in CEE
- ▶ Health riders offering to life insurance customers

### P&C

- ▶ Focus on commercial business in CEE
- ▶ Products in CEE still rather short-tail, long-tail to come => this will push growth of reserves
- ▶ Bank assurance: focus also on non-life products

**Reserving Level Comparison**  
(Claims reserve in % of NEP<sup>1</sup>)



1: NEP: Net Earned Premium

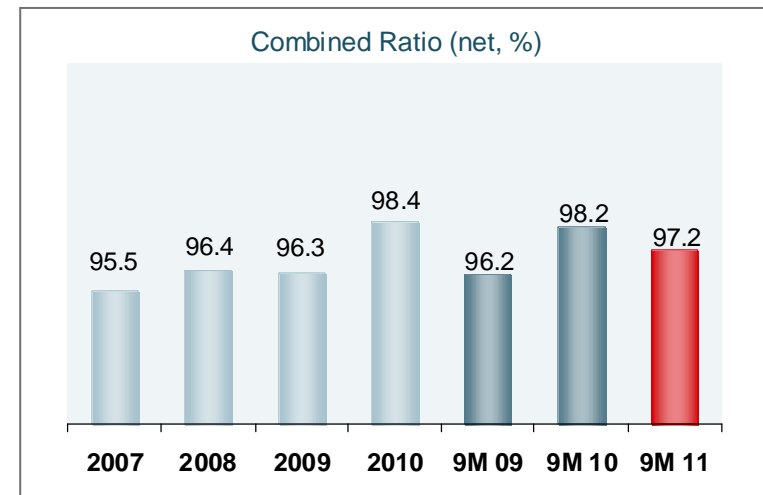
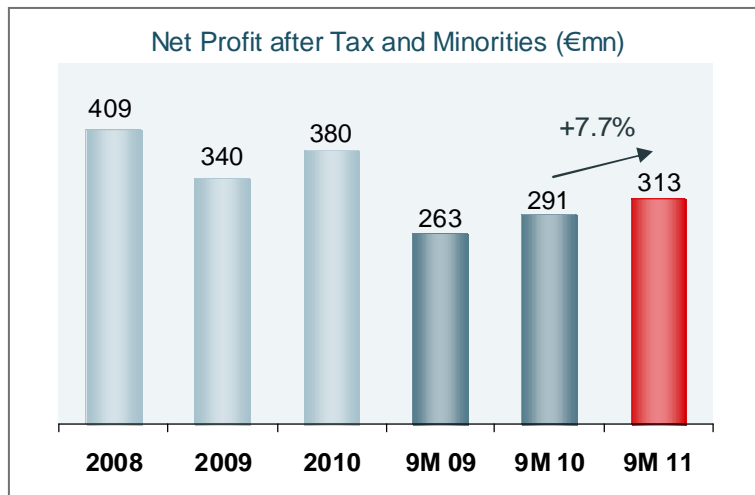
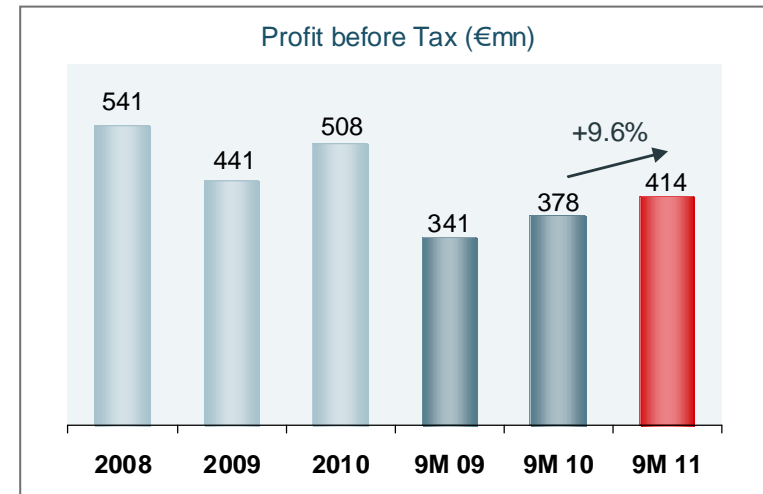
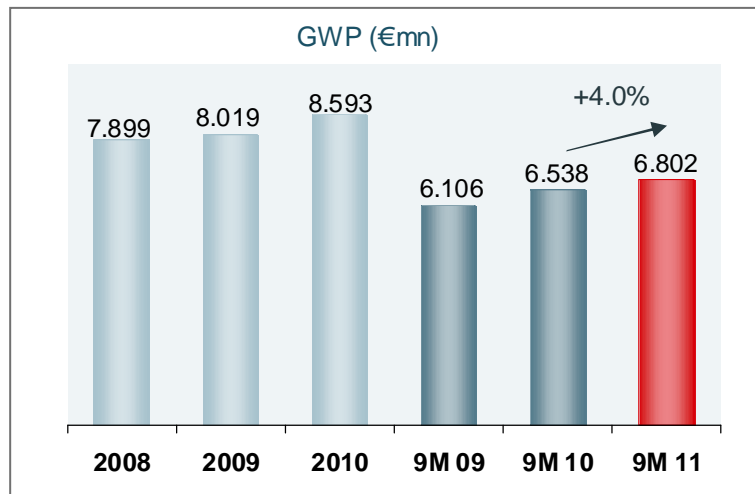
# 9M 2011 Financial Highlights (I)



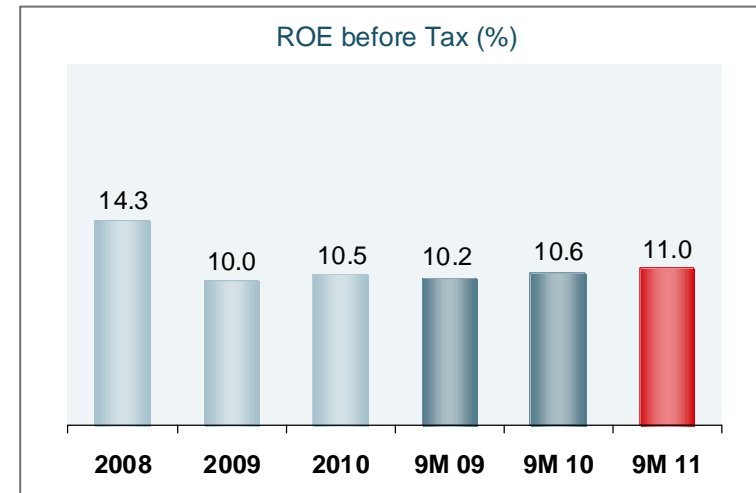
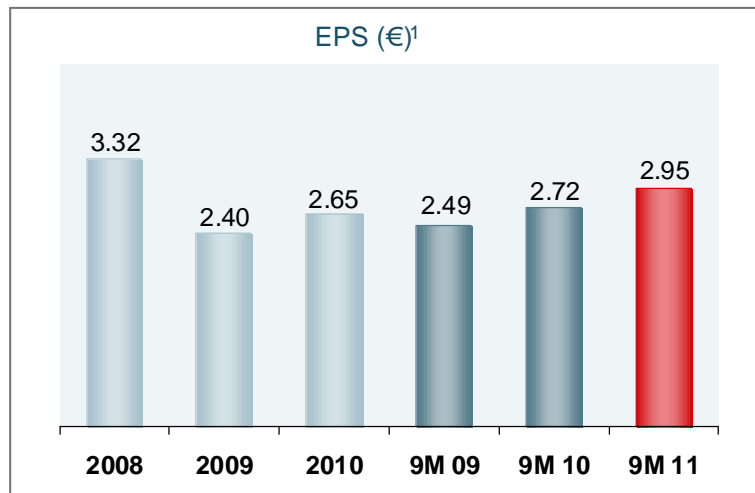
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Appendix

## PBT increase driven by CEE performance



# 9M 2011 Financial Highlights (II)



1: annualised values net of hybrid interest

# 9M 2011 Income Statement



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Appendix

IFRS (€mn)

€mn	9M 2011	9M 2010	+/-%
1. Gross premiums written	6,802.1	6,538.3	4.0
2. Net earned premiums	6,077.0	5,919.4	2.7
3. Financial result <sup>1</sup>	798.6	895.7	-10.8
4. Other income	73.6	109.0	-32.5
<b>Total income</b>	<b>6,949.1</b>	<b>6,924.1</b>	<b>0.4</b>
6. Expenses for claims and insurance benefits	-4,995.5	-5,004.8	-0.2
7. Acquisition and administrative expenses	-1,331.2	-1,311.3	1.5
8. Other expenses	-208.3	-230.2	-9.5
<b>Total expenses</b>	<b>-6,535.0</b>	<b>-6,546.3</b>	<b>-0.2</b>
<b>Profit before taxes</b>	<b>414.1</b>	<b>377.7</b>	<b>9.6</b>
Taxes	-77.7	-67.5	15.2
<b>Net profit before minorities (Profit for the period)</b>	<b>336.4</b>	<b>310.3</b>	<b>8.4</b>
Minorities	-23.1	-19.3	19.5
<b>Net profit after minorities</b>	<b>313.3</b>	<b>291.0</b>	<b>7.7</b>

1: Incl. result from equity participations

# 9M 2011 Balance Sheet

IFRS (€mn)

€mn	30.9. 2011	31.12.2010	+/-%
Intangible assets	2,068	2,104	-1.7
Investments	27,815	28,160	-1.2
Unit- and index-linked investments	5,483	5,479	0.1
Reinsurers' share in underwriting provisions	1,218	1,118	8.9
Receivables	1,705	1,681	1.4
Tax receivables and advance payments out of income tax	116	68	68.8
Deferred tax assets	99	108	-7.8
Other assets	348	359	-3.0
Cash and cash equivalents	1,112	396	>100
<b>Total assets</b>	<b>39,962</b>	<b>39,473</b>	<b>1.2</b>
Shareholders' equity	5,054	5,030	0.5
<i>thereof minorities</i>	409	396	3.3
Subordinated liabilities	532	539	-1.4
Underwriting provisions	24,585	24,018	2.4
Unit- and index-linked technical provisions	5,249	5,228	0.4
Non-underwriting provisions	536	558	-3.8
Liabilities	3,576	3,675	-2.7
Tax liabilities out of income tax	99	64	53.9
Deferred tax liabilities	111	127	-12.9
Other liabilities	221	234	-5.6
<b>Total liabilities and equity</b>	<b>39,962</b>	<b>39,473</b>	<b>1.2</b>

# 9M 2011 P&L– Gross Written Premiums

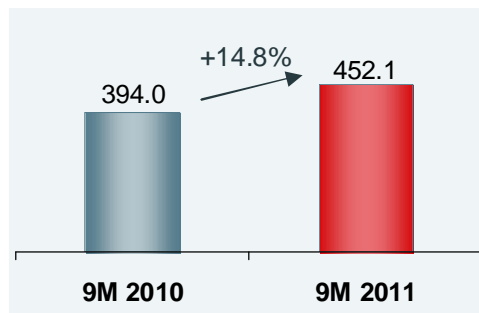
## Growth with different dynamics by lines and markets (€mn)

€mn	GWP Non-life			GWP Life			Total		
	9M 2011	9M 2010	+/-%	9M 2011	9M 2010	+/-%	9M 2011	9M 2010	+/-%
Austria	1,661.0	1,524.4	9.0	1,461.6	1,669.0	-12.4	3,122.6	3,193.5	-2.2
Czech Rep.	781.6	759.3	2.9	623.4	530.8	17.4	1,404.9	1,290.1	8.9
Slovakia	239.7	232.1	3.3	259.0	246.4	5.1	498.7	478.5	4.2
Poland	473.0	410.8	15.1	269.8	123.7	118.1	742.8	534.5	39.0
Romania	322.3	326.5	-1.3	76.7	70.1	9.3	398.9	396.6	0.6
Remaining	396.8	345.7	14.8	237.4	299.5	-20.7	634.2	645.2	-1.7
<b>Total</b>	<b>3,874.3</b>	<b>3,598.8</b>	<b>7.7</b>	<b>2,927.8</b>	<b>2,939.6</b>	<b>-0.4</b>	<b>6,802.1</b>	<b>6,538.3</b>	<b>4.0</b>

- ▶ Remaining: very mixed picture by country and business line; CEE up by 10.6%; main factor in other Remaining life is sharp drop in single premiums in Liechtenstein

- ▶ Austria: motor stabilising, sound non-motor growth; weak life single premiums due to new tax regime
- ▶ Czech Republic: weak motor market; life strong both in regular and single premiums (from Erste Group)
- ▶ Slovakia: more selective underwriting in motor; strong single premium life business from Erste Group
- ▶ Poland: non-life growing above market; dynamics in life from tax-driven single premiums
- ▶ Romania: weak motor comprehensive business; sound growth in single premium life

s Versicherung Group CEE<sup>1</sup> GWP



- ▶ Premium growth of 20.0% in CZ
- ▶ In Romania, life banking distribution increased by 13.3%, mainly from single premiums
- ▶ Significant premium increase in all major CEE markets

1: s Versicherung Group excluding BCR Non-Life

Note: First time consolidation of UIG and full consolidation of Ray Sigorta as of Q3 2010, full consolidation of Georgia and TBH as of Q4 2010

# 9M 2011 – Expenses for Claims Incurred

## Loss ratio improving due to absence of NatCat events

- ▶ Group loss ratio (net) down by 0.8% pts
- ▶ Austria and Czech Republic recorded loss ratio down by 1.2% pts and 2.8% pts as a consequence of better weather conditions
- ▶ In Slovakia, loss ratio stable, first impact of motor restructuring
- ▶ Poland: decrease of loss ratio by 2.3% pts due to absence of NatCat claims and improved motor rates
- ▶ Romania saw increase of claims ratio by 8.5% pts reflecting difficult motor claims situation
- ▶ Remaining: loss ratio improved by 3.1% pts, mainly from Ukraine, Hungary and Germany

**No NatCat claims in 9M 2011**

%	Claims Ratio		
	9M 2011	9M 2010	+/- %-pts
Austria	66.4	67.6	-1.2
Czech Rep.	63.9	66.7	-2.8
Slovakia	57.4	57.5	-0.1
Poland	67.6	69.9	-2.3
Romania	76.4	68.0	8.5
Remaining	62.1	65.2	-3.1
	<b>66.0</b>	<b>66.8</b>	<b>-0.8</b>

€mn	P&C	
	9M 2011	9M 2010
Net Earned Premiums:	2,902.3	2,748.4
Expenses for Claims Incurred:	1,916.8	1,836.0
<b>Ratio</b>	<b>66.0%</b>	<b>66.8%</b>

# 9M 2011 – Acquisition and Administrative Expenses

## Cost ratio fairly stable

- ▶ Group cost ratio (net) decreased by 0.2% pts
- ▶ Slight reduction of cost ratio in Austria due to lower admin expenses
- ▶ In the Czech Republic, stable cost ratio
- ▶ In Slovakia, cost ratio up by 2.3% pts due to lower reinsurance commissions and change of distribution structure
- ▶ Poland recorded a reduction of the cost ratio by 2.0% pts from economies of scale and shared services efficiency
- ▶ In Romania, lower cost ratio due effects from restructuring
- ▶ In Remaining, cost ratio increased by 3.0% pts, influenced by Germany (change of reinsurance structure) and Turkey (legal change in personal damage regulation)

%	Cost Ratio		
	9M 2011	9M 2010	+/- %-pts
Austria	28.2	29.2	-1.0
Czech Rep.	28.6	28.4	0.2
Slovakia	36.5	34.2	2.3
Poland	32.9	34.9	-2.0
Romania	33.2	34.1	-0.9
Remaining	38.9	35.9	3.0
	<b>31.2</b>	<b>31.4</b>	<b>-0.2</b>

€mn	P&C	
	9M 2011	9M 2010
Net Earned Premiums:	2,902.3	2,748.4
Acquisition and administrative expenses: <sup>1</sup>	904.7	862.9
<b>Ratio</b>	<b>31.2%</b>	<b>31.4%</b>

<sup>1</sup>: Including other underwriting result of €76.0mn for 9M 2011 (9M 2010: € 75.0mn)

# 9M 2011 P&L Major Items – Financial Result



VIENNA INSURANCE GROUP

Appendix

## Lower appreciations and income from disposals

Income	P&C		Life		Health		Total	
	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010
<b>in € '000</b>								
Current income	376,075	272,906	677,095	672,297	26,787	28,292	1,079,957	973,495
Income from appreciations	5,959	14,198	12,638	100,342	1,291	1,418	19,888	115,958
Income from the disposal of investments	28,730	59,704	85,690	93,982	5,678	3,867	120,098	157,553
Other income	7,214	3,123	25,079	21,161	12	0	32,305	24,284
<b>Total Income</b>	<b>417,978</b>	<b>349,931</b>	<b>800,502</b>	<b>887,782</b>	<b>33,768</b>	<b>33,577</b>	<b>1,252,248</b>	<b>1,271,290</b>

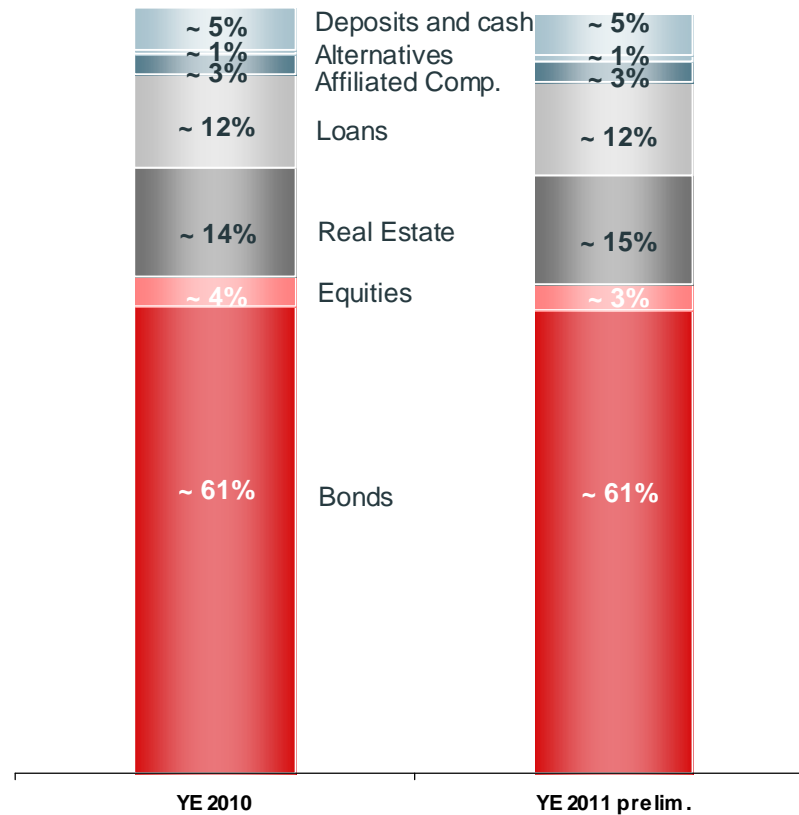
Expenses	P&C		Life		Health		Total	
	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010
<b>in € '000</b>								
Depreciation of investments	73,241	56,934	41,805	30,784	1,576	1,123	116,622	88,841
Impairment of investments	5,892	50,711	50,767	19,489	386	966	57,045	71,166
Exchange rate changes	-5,573	1,209	475	-4,155	46	14	-5,052	-2,932
Losses from the disposal of investments	16,573	5,408	44,005	23,958	1,810	1,462	62,388	30,828
Interest expenses	54,080	39,273	25,447	34,012	3,878	4,244	83,405	77,529
Other expenses	89,400	54,396	47,361	52,631	2,505	3,130	139,266	110,157
<b>Total Expenses</b>	<b>233,613</b>	<b>207,931</b>	<b>209,860</b>	<b>156,719</b>	<b>10,201</b>	<b>10,939</b>	<b>453,674</b>	<b>375,589</b>

<b>Total Financial Result<sup>1</sup></b>	<b>184,365</b>	<b>142,000</b>	<b>590,642</b>	<b>731,063</b>	<b>23,567</b>	<b>22,638</b>	<b>798,574</b>	<b>895,701</b>
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1: Incl. result from equity participations

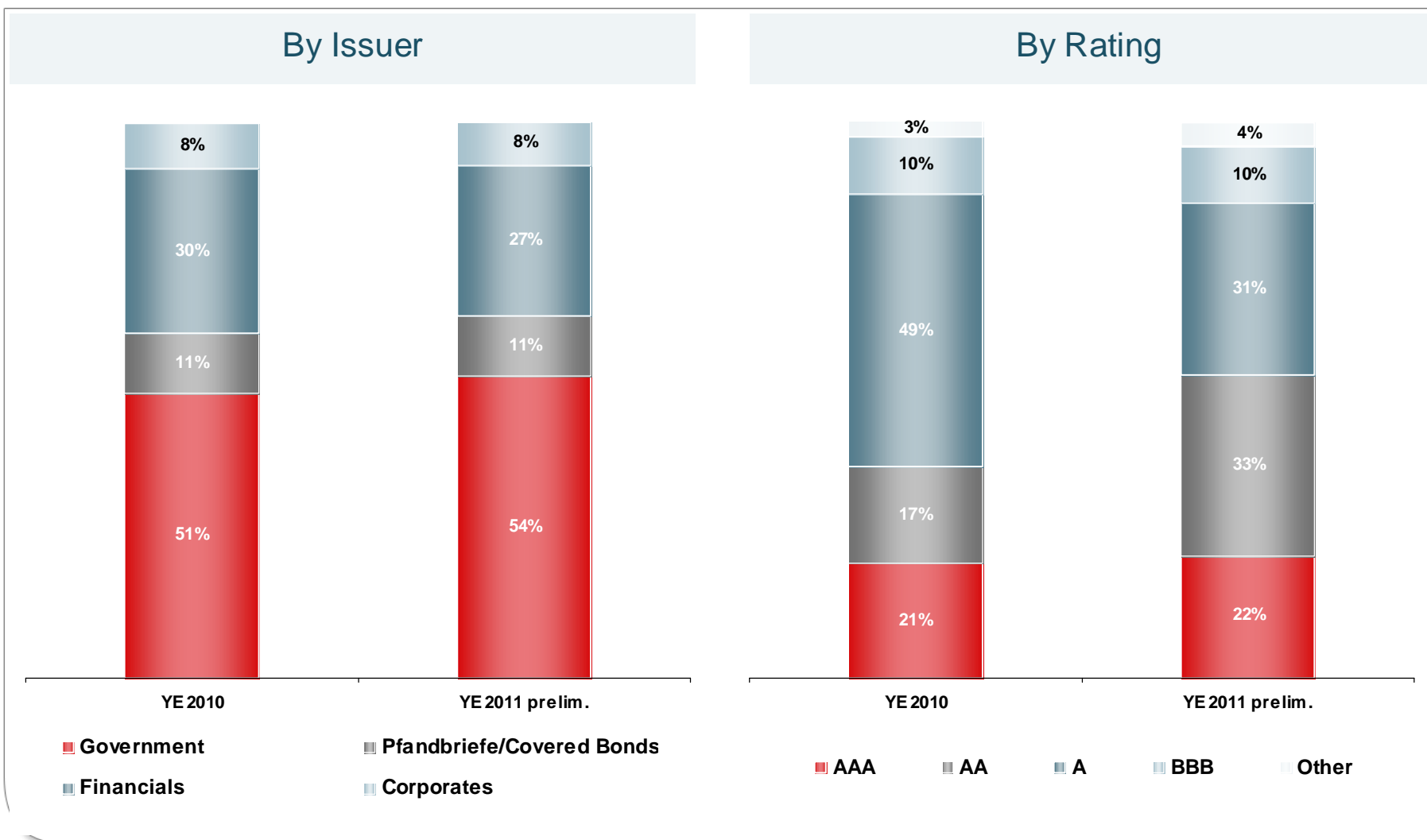
# Preliminary YE 2011 Investment Split

## Investment portfolio including cash and cash equivalents



# Preliminary YE 2011 Development of Bond Portfolio

## Rating upgrades in CEE improve structure



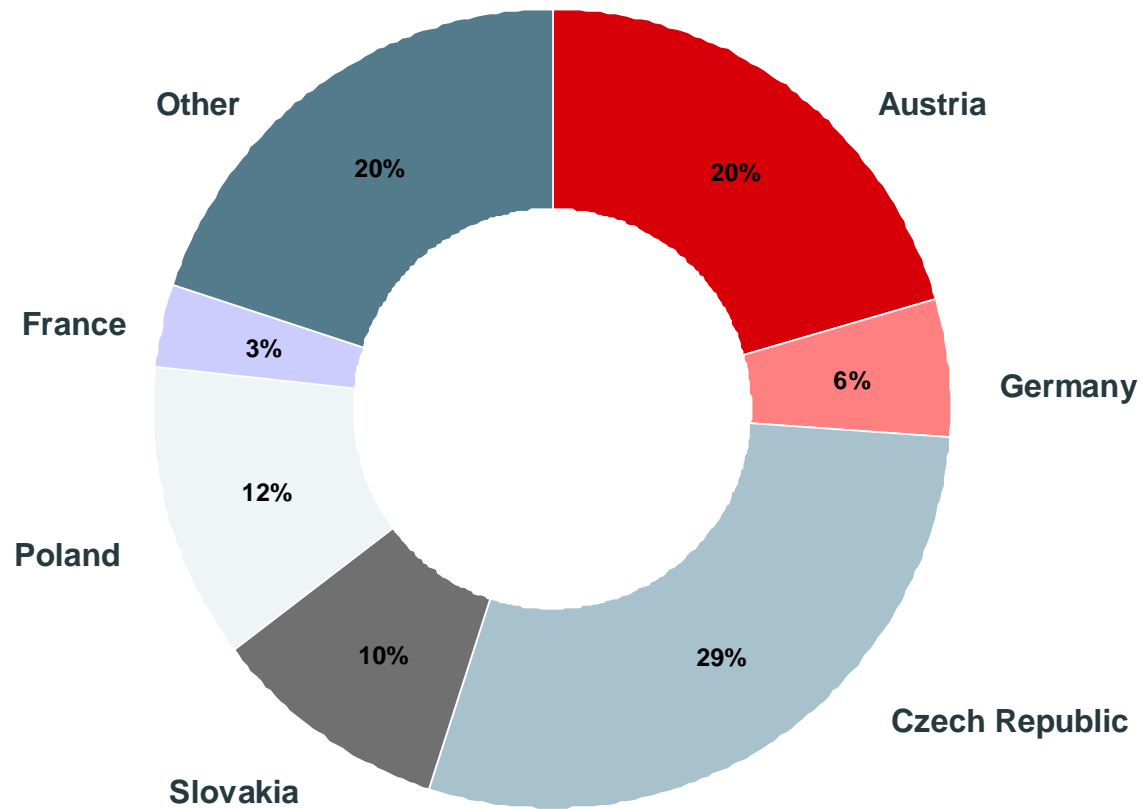
1: Government and government guaranteed

# Preliminary YE 2011 Bond Portfolio Split

As of 31/12/2011 (preliminary, unaudited)

Appendix

## Governments and Government Guaranteed



# Preliminary YE 2011 PIIGS – Government Bonds

	€mn
Portugal	-
Ireland <sup>1</sup>	52
Italy	14
Greece <sup>1</sup>	10
Spain	8
<b>Total</b>	<b>84</b>

▶ Approximately 0.3% of total investments

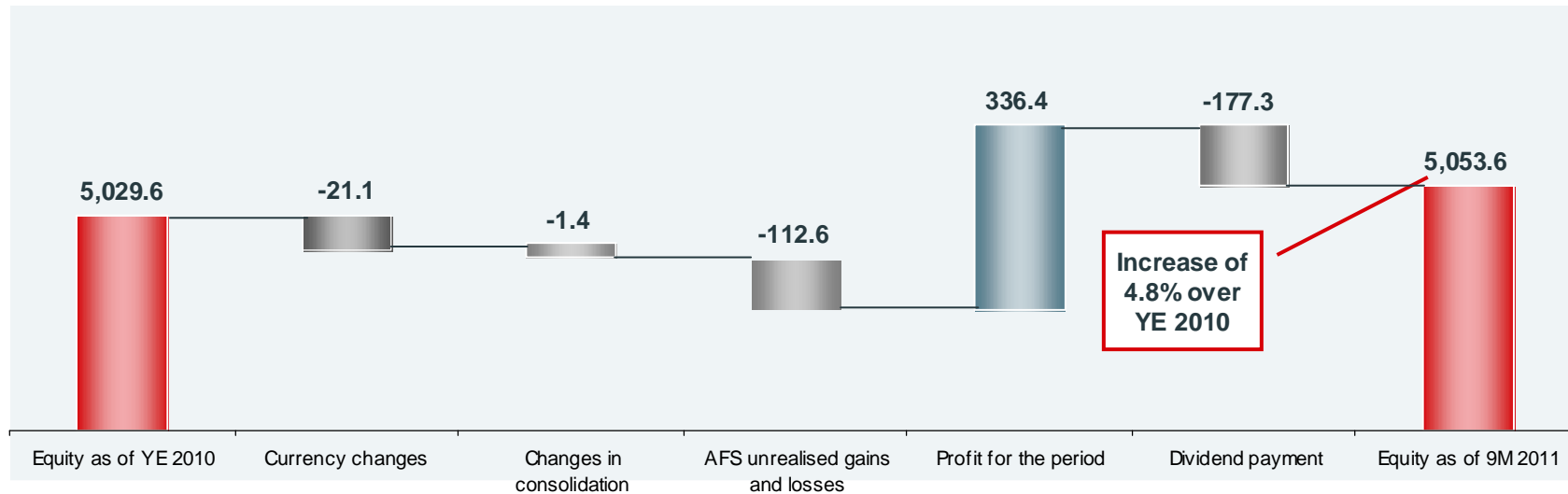
1: Including impairments of about €45mn for Ireland and Greece

# 9M 2011 Shareholders' Equity

## Shareholders' equity supports strong capitalisation

Appendix

### Change in Group Shareholders' Equity (€mn)



VIG has a Solvency I ratio of more than 200%

# 9M 2011 P&L – Business Segments

## Property & Casualty, IFRS (€mn)

Appendix

€mn	9M 2011	9M 2010	+/-%
1. Gross premiums written	3,604.4	3,353.0	7.5
2. Net earned premiums	2,902.3	2,748.4	5.6
3. Financial result	184.4	142.0	29.8
4. Other income	43.1	30.7	40.3
<b>Total income</b>	<b>3,129.8</b>	<b>2,921.2</b>	<b>7.1</b>
6. Expenses for claims and insurance benefits	-1,916.8	-1,836.0	4.4
7. Acquisition and administrative expenses	-828.7	-788.0	5.2
8. Other expenses	-145.6	-117.3	24.1
<b>Total expenses</b>	<b>-2,891.1</b>	<b>-2,741.4</b>	<b>5.5</b>
<b>Profit before taxes</b>	<b>238.6</b>	<b>179.8</b>	<b>32.7</b>

# 9M 2011 P&L – Business Segments

Life, IFRS (€mn)

Appendix

€mn	9M 2011	9M 2010	+/-%
1. Gross premiums written	2,927.8	2,939.6	-0.4
2. Net earned premiums	2,909.1	2,928.4	-0.7
3. Financial result	590.6	731.1	-19.2
4. Other income	30.4	78.2	-61.1
<b>Total income</b>	<b>3,530.2</b>	<b>3,737.7</b>	<b>-5.6</b>
6. Expenses for claims and insurance benefits	-2,862.8	-2,968.1	-3.5
7. Acquisition and administrative expenses	-470.5	-496.4	-5.2
8. Other expenses	-61.9	-112.6	-45.0
<b>Total expenses</b>	<b>-3,395.2</b>	<b>-3,577.1</b>	<b>-5.1</b>
<b>Profit before taxes</b>	<b>135.0</b>	<b>160.6</b>	<b>-15.9</b>

# 9M 2011 P&L – Business Segments

## Health, IFRS (€mn)

Appendix

€mn	9M 2011	9M 2010	+/-%
1. Gross premiums written	269.9	245.8	9.8
2. Net earned premiums	265.6	242.6	9.5
3. Financial result	23.6	22.6	4.1
4. Other income	0.0	0.0	n.a.
<b>Total income</b>	<b>289.1</b>	<b>265.2</b>	<b>9.0</b>
6. Expenses for claims and insurance benefits	-216.0	-200.7	7.6
7. Acquisition and administrative expenses	-32.0	-26.9	18.6
8. Other expenses	-0.8	-0.2	>100.0
<b>Total expenses</b>	<b>-248.7</b>	<b>-227.8</b>	<b>9.2</b>
<b>Profit before taxes</b>	<b>40.4</b>	<b>37.3</b>	<b>8.3</b>

# 9M 2011 P&L – Split by Regions (I)

## Regional segments, IFRS (€mn)

Appendix

€mn	Austria			Czech Republic		
	9M 2011	9M 2010	+/-%	9M 2011	9M 2010	+/-%
1. Gross premiums written	3,122.6	3,193.5	-2.2	1,404.9	1,290.1	8.9
2. Net earned premiums	2,717.3	2,844.7	-4.5	1,287.9	1,182.9	8.9
3. Financial result	558.4	640.4	-12.8	96.8	94.0	3.0
4. Other income	13.2	16.3	-19.4	23.1	11.7	97.8
<b>Total income</b>	<b>3,288.8</b>	<b>3,501.4</b>	<b>-6.1</b>	<b>1,407.7</b>	<b>1,288.5</b>	<b>9.3</b>
6. Expenses for claims/benefits	-2,568.9	-2,801.9	-8.3	-893.2	-830.7	7.5
7. Acquisition and administrative expenses	-483.6	-493.6	-2.0	-319.5	-302.1	5.8
8. Other expenses	-29.0	-25.2	15.1	-55.5	-51.9	6.9
<b>Total expenses</b>	<b>-3,081.5</b>	<b>-3,320.8</b>	<b>-7.2</b>	<b>-1,268.3</b>	<b>-1,184.8</b>	<b>7.0</b>
<b>Profit before taxes</b>	<b>207.3</b>	<b>180.6</b>	<b>14.8</b>	<b>139.5</b>	<b>103.7</b>	<b>34.5</b>
<b>Combined Ratio</b>	<b>94.6%</b>	<b>96.9%</b>		<b>92.5%</b>	<b>95.2%</b>	

## 9M 2011 P&L – Split by Regions (II)

### Regional segments, IFRS (€mn)

€mn	Slovakia			Poland			Romania		
	9M 2011	9M 2010	+/-%	9M 2011	9M 2010	+/-%	9M 2011	9M 2010	+/-%
1. Gross premiums written	498.7	478.5	4.2	742.8	534.5	39.0	398.9	396.6	0.6
2. Net earned premiums	452.8	436.1	3.8	683.5	489.4	39.7	382.3	372.6	2.6
3. Financial result	33.2	35.3	-6.0	36.4	40.5	-10.3	18.0	32.3	-44.1
4. Other income	4.2	3.6	17.4	4.1	4.1	1.7	15.9	10.8	46.7
<b>Total income</b>	<b>490.2</b>	<b>475.0</b>	<b>3.2</b>	<b>724.0</b>	<b>534.0</b>	<b>35.6</b>	<b>416.2</b>	<b>415.7</b>	<b>0.1</b>
6. Expenses for claims/benefits	-351.7	-348.5	0.9	-502.9	-318.0	58.1	-291.8	-261.6	11.5
7. Acquisition and administrative expenses	-71.8	-64.9	10.6	-181.2	-190.3	-4.8	-110.5	-113.0	-2.2
8. Other expenses	-24.0	-32.5	-26.1	-8.6	-7.9	8.2	-22.6	-15.2	49.3
<b>Total expenses</b>	<b>-447.6</b>	<b>-446.0</b>	<b>0.4</b>	<b>-692.7</b>	<b>-516.2</b>	<b>34.2</b>	<b>-425.0</b>	<b>-389.8</b>	<b>9.0</b>
<b>Profit before taxes</b>	<b>42.6</b>	<b>29.0</b>	<b>46.8</b>	<b>31.2</b>	<b>17.8</b>	<b>76.0</b>	<b>-8.8</b>	<b>25.9</b>	<b>-133.8</b>
<b>Combined Ratio</b>	<b>93.9%</b>	<b>91.7%</b>		<b>100.5%</b>	<b>104.8%</b>		<b>109.6%</b>	<b>102.0%</b>	

## 9M 2011 P&L – Split by Regions (III)

### Regional segments, IFRS (€mn)

€mn	Remaining			TOTAL		
	9M 2011	9M 2010	+/-%	9M 2011	9M 2010	+/-%
1. Gross premiums written	634.2	645.2	-1.7	6,802.1	6,538.3	4.0
2. Net earned premiums	553.2	593.8	-6.8	6,077.0	5,919.4	2.7
3. Financial result	55.8	53.2	4.9	798.6	895.7	-10.8
4. Other income	13.1	62.5	-79.0	73.6	109.0	-32.5
<b>Total income</b>	<b>622.2</b>	<b>709.5</b>	<b>-12.3</b>	<b>6,949.1</b>	<b>6,924.1</b>	<b>0.4</b>
6. Expenses for claims/benefits	-387.0	-444.0	-12.8	-4,995.5	-5,004.8	-0.2
7. Acquisition and administrative expenses	-164.4	-147.3	11.6	-1,331.2	-1,311.3	1.5
8. Other expenses	-68.5	-97.4	-29.7	-208.3	-230.2	-9.5
<b>Total expenses</b>	<b>-620.0</b>	<b>-688.8</b>	<b>-10.0</b>	<b>-6,535.0</b>	<b>-6,546.3</b>	<b>-0.2</b>
<b>Profit before taxes</b>	<b>2.2</b>	<b>20.7</b>	<b>-89.3</b>	<b>414.1</b>	<b>377.7</b>	<b>9.6</b>
<b>Combined Ratio</b>	<b>101.0%</b>	<b>101.2%</b>		<b>97.2%</b>	<b>98.2%</b>	

# 9M 2011 Results by Country



VIENNA INSURANCE GROUP

Appendix

IFRS (€mn)

€mn	GWP Non-Life		Life GWP		GWP Total		Profit before Taxes		Net Combined Ratio	
	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010
Austria	1,661.0	1,524.4	1,461.6	1,669.0	3,122.6	3,193.5	207.3	180.6	94.6%	96.9%
Czech Rep.	781.6	759.3	623.4	530.8	1,404.9	1,290.1	139.5	103.7	92.5%	95.2%
Slovakia	239.7	232.1	259.0	246.4	498.7	478.5	42.6	29.0	93.9%	91.7%
Poland	473.0	410.8	269.8	123.7	742.8	534.5	31.2	17.8	100.5%	104.8%
Romania	322.3	326.5	76.7	70.1	398.9	396.6	-8.8	25.9	109.6%	102.0%
Remaining	396.8	345.7	237.4	299.5	634.2	645.2	2.2	20.7	101.0%	101.2%
<i>Hungary</i>	41.0	36.6	53.7	61.3	94.7	97.9	4.9	4.4	93.9%	93.2%
<i>Croatia</i>	30.9	35.0	40.8	45.1	71.8	80.1	4.4	7.4	102.8%	100.9%
<i>Serbia</i>	22.8	23.1	16.7	14.3	39.5	37.4	1.8	2.0	97.3%	95.8%
<i>Bulgaria</i>	74.7	93.0	9.4	8.9	84.1	101.9	-1.1	-5.9	106.3%	110.4%
<i>Ukraine</i>	43.4	25.9	1.6	1.0	45.1	26.8	2.2	-3.2	101.3%	123.0%
<i>Turkey</i>	76.4	60.1	-	-	76.4	60.1	-1.6	-2.9	111.2%	105.2%
<i>Georgien</i>	29.1	-	-	-	29.1	-	2.4	-	92.3%	-
<i>Baltics</i>	-	-	16.9	12.6	16.9	12.6	-0.3	0.9	-	-
<i>Albania</i>	15.1	12.6	-	-	15.1	12.6	1.5	1.8	94.1%	88.8%
<i>Macedonia</i>	7.0	4.3	-	-	7.0	4.3	0.3	0.3	91.9%	93.9%
<i>Netherlands</i>	-	-	-	-	-	-	-27.0	-	-	-
<i>Liechtenstein</i>	-	-	51.6	110.9	51.6	110.9	0.4	0.2	-	-
<i>Germany</i>	56.4	55.0	46.6	45.4	103.0	100.4	14.3	15.8	86.5%	81.8%
<b>Total</b>	<b>3,874.3</b>	<b>3,598.8</b>	<b>2,927.8</b>	<b>2,939.6</b>	<b>6,802.1</b>	<b>6,538.3</b>	<b>414.1</b>	<b>377.7</b>	<b>97.2%</b>	<b>98.2%</b>

# Change in Group Shareholders' Equity

IFRS (€ '000)

	1.1. - 30.09.2011	1.1. - 30.09.2010
Equity as of 1 January	5,029,647	4,628,573
Exchange rate changes	-21,057	34,760
Changes in scope of consolidation	-1,432	2,632
Capital increase	-	-
Unrealised gains and losses from financial instruments available for sale	-112,631	106,893
Profit for the period	336,378	310,270
Dividend payment	-177,260	-165,363
<b>Equity as of 30 September</b>	<b>5,053,645</b>	<b>4,917,765</b>

# Life Insurance Premium Split



VIENNA INSURANCE GROUP

Appendix

IFRS (€mn)

Premiums written - direct business	9M 2011	9M 2010	+/- %
Regular premiums	1,705.0	1,636.2	4.2%
Single premiums	1,212.0	1,291.2	-6.1%
<b>Total premiums written - direct business</b>	<b>2,917.0</b>	<b>2,927.4</b>	<b>-0.4%</b>
<b>thereof:</b>			
Policies with profit participation	1,461.5	1,402.4	4.2%
Policies without profit participation	249.3	224.1	11.3%
unit linked life insurance	1,043.5	1,024.6	1.8%
index linked life insurance	162.8	276.3	-41.1%

# Group Embedded Value 2010

## Results (€mn)

	L&H		P&C		Total	
	2010	2009 (*)	2010	2009 (*)	2010	2009 (*)
<b>Austria / Germany</b>						
Free Surplus	342.8	207.8				
Required Capital	394.1	381.4				
ANAV	736.9	589.1	-197.4	73.9	539.5	663.0
PVFP	1,484.8	1,444.0			1,484.8	1,444.0
- TVFOG	-222.0	-185.7			-222.0	-185.7
- CoC/FCRC	-48.9	-49.3			-48.9	-49.3
- CRNHR	-99.2	-105.7			-99.2	-105.7
VIF	1,114.7	1,103.2			1,114.7	1,103.2
<b>Subtotal A/G</b>	<b>1,851.6</b>	<b>1,692.4</b>	<b>-197.4</b>	<b>73.9</b>	<b>1,654.2</b>	<b>1,766.3</b>
<b>CEE</b>						
Free Surplus	461.5	278.6				
Required Capital	216.7	184.8				
ANAV	678.2	463.4	1,858.1	1,706.6	2,536.3	2,170.0
PVFP	1,004.9	840.6			1,004.9	840.6
- TVFOG	-55.0	-50.4			-55.0	-50.4
- CoC/FCRC	-15.2	-15.3			-15.2	-15.3
- CRNHR	-62.5	-43.8			-62.5	-43.8
VIF	872.2	731.1			872.2	731.1
<b>Subtotal CEE</b>	<b>1,550.4</b>	<b>1,194.5</b>	<b>1,858.1</b>	<b>1,706.6</b>	<b>3,408.5</b>	<b>2,901.1</b>
<b>Total</b>	<b>3,402.0</b>	<b>2,886.9</b>	<b>1,660.7</b>	<b>1,780.5</b>	<b>5,062.7</b>	<b>4,667.4</b>

(\*) The results shown above are after restatement

## Remarks

- ▶ All results are based on local GAAP
- ▶ GEV reflects the present value of amounts deemed to be distributable to shareholders
- ▶ EEV is based on stochastic cash flow projections using market consistent capital market scenarios and an allowance for liquidity premiums. The EEV allows for management actions (e.g. in respect of profit participation and asset allocation) and policyholder behaviour
- ▶ Assumed policyholder profit participation allows for local supervisory laws and contractual agreements and current company practice
- ▶ Best estimate actuarial assumptions for expenses, mortality, etc.
- ▶ ANAV for P&C includes Surplus in Claims Reserves based on undiscounted

### Scope of GEV-Reporting:

- ▶ Group Embedded Value (GEV) calculated as Life & Health (L&H) EEV plus Adjusted Net Asset Value (ANAV) for Property & Casualty (P&C)
- ▶ Change to EEV for all companies formerly on TEV basis: Interrisk (DE), Erste Osiguranje (HR), Union and Erste Biztosito (HU), Compensa Life and Benefia Life (PL), BCR Life (RO) PCS in Czech Republic and PSLSP in Slovakia: Change from TEV to EEV
- ▶ Calculation of EEV and ANAV for the first time: VIG RE (CZ) and Komunalna (SK)
- ▶ Inclusion of VIG Holding company
- ▶ Methodology, assumptions and calculations reviewed by B&W Deloitte GmbH, Cologne

# Group Embedded Value 2010



VIENNA INSURANCE GROUP

Appendix

## Return on Adjusted Embedded Value (€mn)

	L&H		P&C		Total	
<b>Austria / Germany</b>						
EV Dec 31, 2010	1,851.6		-197.4		1,654.2	
EV Dec 31, 2009 Reported	1,684.2		73.3		1,757.5	
EV Dec 31, 2009 Restated	1,692.4		73.9		1,766.3	
EV Dec 31, 2009 Restated and	1,772.0		-142.0		1,630.0	
Dividends	-52.1		63.7		11.6	
Closing Adjustments	0.0		-46.3		-46.3	
<i>Return on EV</i>	79.6	4.5%	-9.1	-6.4%	70.5	4.3%
<b>CEE</b>						
EV Dec 31, 2010	1,550.4		1,858.1		3,408.5	
EV Dec 31, 2009 Reported	1,093.3		1,734.4		2,827.7	
EV Dec 31, 2009 Restated	1,194.5		1,706.6		2,901.1	
EV Dec 31, 2009 Restated and	1,316.9		1,692.2		3,009.1	
Dividends	-24.2		-102.7		-126.9	
Closing Adjustments	0.0		46.3		46.3	
<i>Return on EV</i>	233.5	17.7%	119.6	7.1%	353.1	11.7%
<b>Return on Total GEV</b>	<b>313.1</b>	<b>10.1%</b>	<b>110.5</b>	<b>7.1%</b>	<b>423.6</b>	<b>9.1%</b>

### Change in Methodology and Assumptions

- ▶ The reference rates used for the EEV calculations are based on the corresponding swap rates at December 31, 2010 and include a liquidity spread of 25 bp for all terms
- ▶ Volatilities used to calibrate the economic scenario generator are based on market implied volatilities as at December 31, 2010
- ▶ All results shown after minorities and tax
- ▶ GEV allows for all consolidation effects

**In YE 2010 P&C surplus in claims reserve increased by 9.7% to € 482.3mn**

# Group Embedded Value 2010

## New Business Values (€mn)

Austria / Germany	2010	2009 (*)	+ / - %
NBV	49.8	51.5	- 3.3%
APE	216.5	203.8	+ 6.3%
PVNBP	2,045.1	1,987.5	+ 2.9%
<b>APE-Ratio</b>	<b>23.0%</b>	<b>25.3%</b>	<b>- 9.0%</b>
<b>PVNBP-Ratio</b>	<b>2.4%</b>	<b>2.6%</b>	<b>- 6.1%</b>

CEE	2010	2009 (*)	+ / - %
NBV	148.9	81.6	+ 82.4%
APE	224.3	178.8	+ 25.4%
PVNBP	1,506.8	1,140.3	+ 32.1%
<b>APE-Ratio</b>	<b>66.4%</b>	<b>45.7%</b>	<b>+ 45.4%</b>
<b>PVNBP-Ratio</b>	<b>9.9%</b>	<b>7.2%</b>	<b>+ 38.1%</b>

Total	2010	2009 (*)	+ / - %
NBV	198.7	133.1	+ 49.3%
APE	440.8	382.6	+ 15.2%
PVNBP	3,552.0	3,127.8	+ 13.6%
<b>APE-Ratio</b>	<b>45.1%</b>	<b>34.8%</b>	<b>+ 29.5%</b>
<b>PVNBP-Ratio</b>	<b>5.6%</b>	<b>4.3%</b>	<b>+ 31.4%</b>

(\*) The results shown above are after restatement

### Comments

- ▶ The NBV represents the value generated by new business sold during the reporting period
- ▶ Significant increase of life insurance business in CEE
- ▶ Stable profit margins in A/G
- ▶ Increased profitability in CEE
- ▶ 75% of NBV is now generated in CEE

# 9M 2011 Exchange Rates

## National currency unit per EUR

9M 2011			
Country	Curr.	Balance Sheet EUR	P & L EUR
Bulgaria	EUR/BGN	1.9558	1.9558
Croatia	EUR/HRK	7.4199	7.4995
Estonia	EUR/EEK	1.0000	1.0000
Liechtenstein	EUR/CHF	1.2337	1.2170
Poland	EUR/PLN	4.0211	4.4050
Romania	EUR/RON	4.2068	4.3575
Serbia	EUR/CSD	101.9013	101.1732
Slovakia	EUR	-	-
Czech Republic	EUR/CZK	24.3622	24.7540
Hungary	EUR/HUF	271.3828	292.5500
Turkey	EUR/TRY	2.2920	2.5100
Ukraine	EUR/UAH	11.2031	10.8548
Albania	EUR/ALL	140.8100	140.9500
Macedonia	EUR/MKD	61.5429	61.5040
Georgia	EUR/GEL	2.3905	2.2641
Belarus	EUR/BYR	5937.8889	7638.1600

9M 2010	
Balance Sheet EUR	P & L EUR
1.9558	1.9558
7.3058	7.2618
15.6466	15.6466
1.3287	1.4002
3.9847	4.0043
4.2718	4.1858
106.1751	101.8154
-	-
24.6000	25.4541
275.7480	275.3835
1.9806	1.9989
10.7711	10.4276
138.4505	137.8360
61.6363	61.5256
2.3492	2.4585
3903.3789	4099.6200

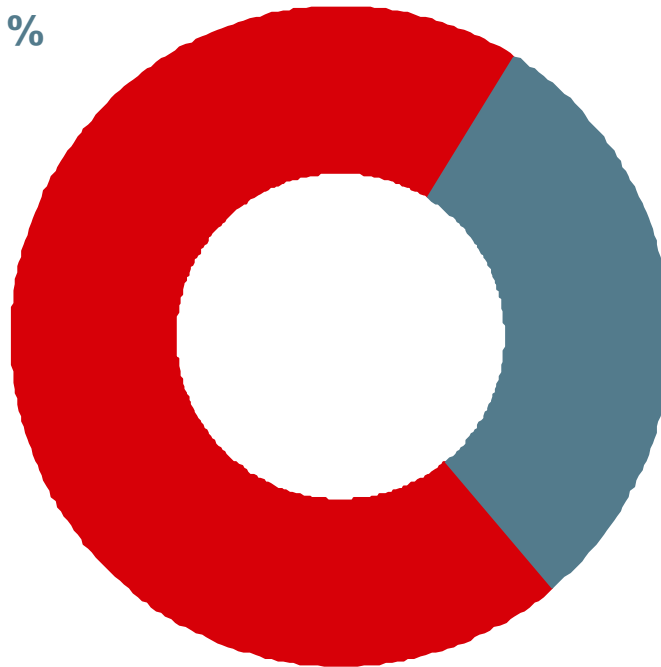
# Shareholder Structure (I)

Total number of shares 128,000,000

Appendix

**Wiener Städtische  
Wechselseitiger Versicherungsverein -  
Vermögensverwaltung – Vienna Insurance Group**

~70 %



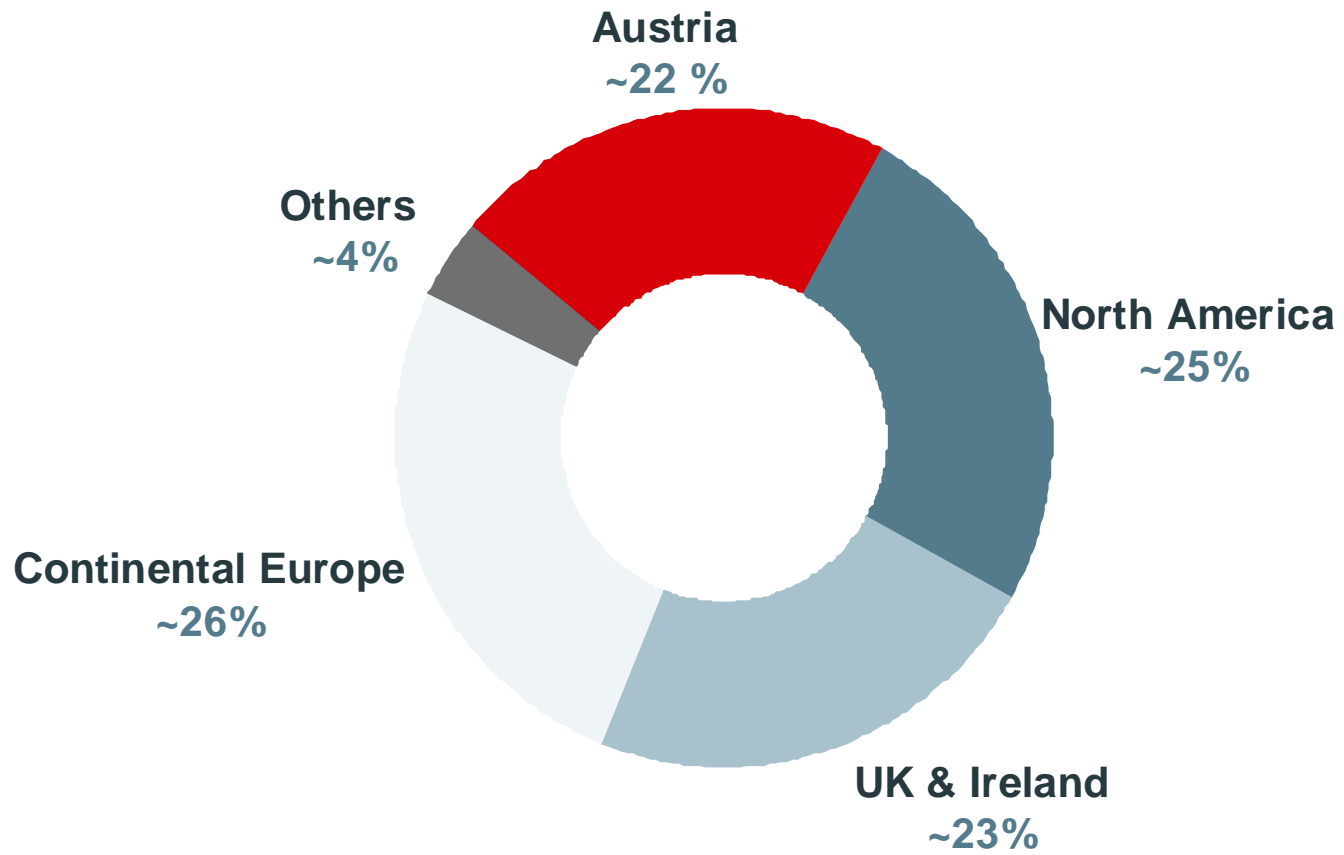
**Free Float**

~ 30 %

# Shareholder Structure (II)

## Free float split

Appendix



# VIG Share & Contact Details

## Investor Relations

### VIG Share

- ▶ Number of common shares  
128mn
- ▶ ISIN  
AT0000908504
- ▶ Listing  
  
Vienna – since 17 Oct. 1994  
Prague – since 5 Feb. 2008
- ▶ Ticker symbol  
VIG
- ▶ Bloomberg  
VIG AV / VIG CP
- ▶ Reuters  
VIGR.VI / VIGR.PR

### Investor Relations

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