



**Vienna Insurance Group –  
Focused on Growth in CEE and Austria**

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Roadshow Stockholm – 19 June 2006

## Vienna Insurance Group – Focused on Growth in CEE and Austria



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- § Leading Austrian insurance group operating in 17 countries
- § Focused on long-term earnings growth
- § No. 2 foreign insurer in the CEE region and largest CEE insurance pure play
- § Attractive Austrian franchise with 21% market share<sup>1</sup>
- § Successful multi-brand strategy with focus on local management
- § Strongly diversified customer access through multi-channel distribution
- § Conservative risk management approach

<sup>1</sup> For 2004.

Source: For market share VVO (Austrian Association of Insurance Companies)

# VIG is the Leading Austrian Insurance Group Operating in 17 Countries



Excellent market positions

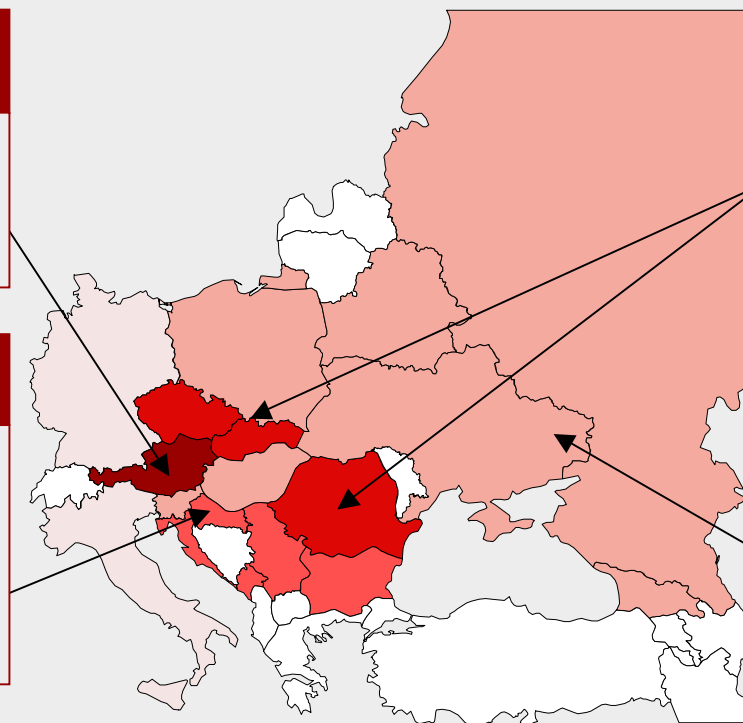
## More than 17 million customers in Austria and CEE

### Leading Position in Austria

- § #1 in Property & Casualty
- § #1 in Life
- § #2 in Health

### Top 5 Positions in Croatia and Serbia & Montenegro

- § #4 in Croatia with a 7% market share
- § #4 in Serbia & Montenegro with a 3% market share



### No. 1 or No. 2 in Romania, in the Czech Republic, Slovakia and Bulgaria

- § #1 in Romania with a 20% market share
- § #2 in the Czech Republic with a 26% market share
- § #2 in Slovakia with a 27% market share
- § #2 in Bulgaria with a 16% market share<sup>1</sup>

### Strong Positions in Other CEE Countries

- § Poland
- § Hungary
- § Ukraine
- § Belarus
- § Slovenia

<sup>1</sup> Including the acquisition of Kardan Financial Services.

Note: All market shares as of YE 2005, except for Serbia (as of 31-Dec-2004); GEP based on consolidated IFRS accounts

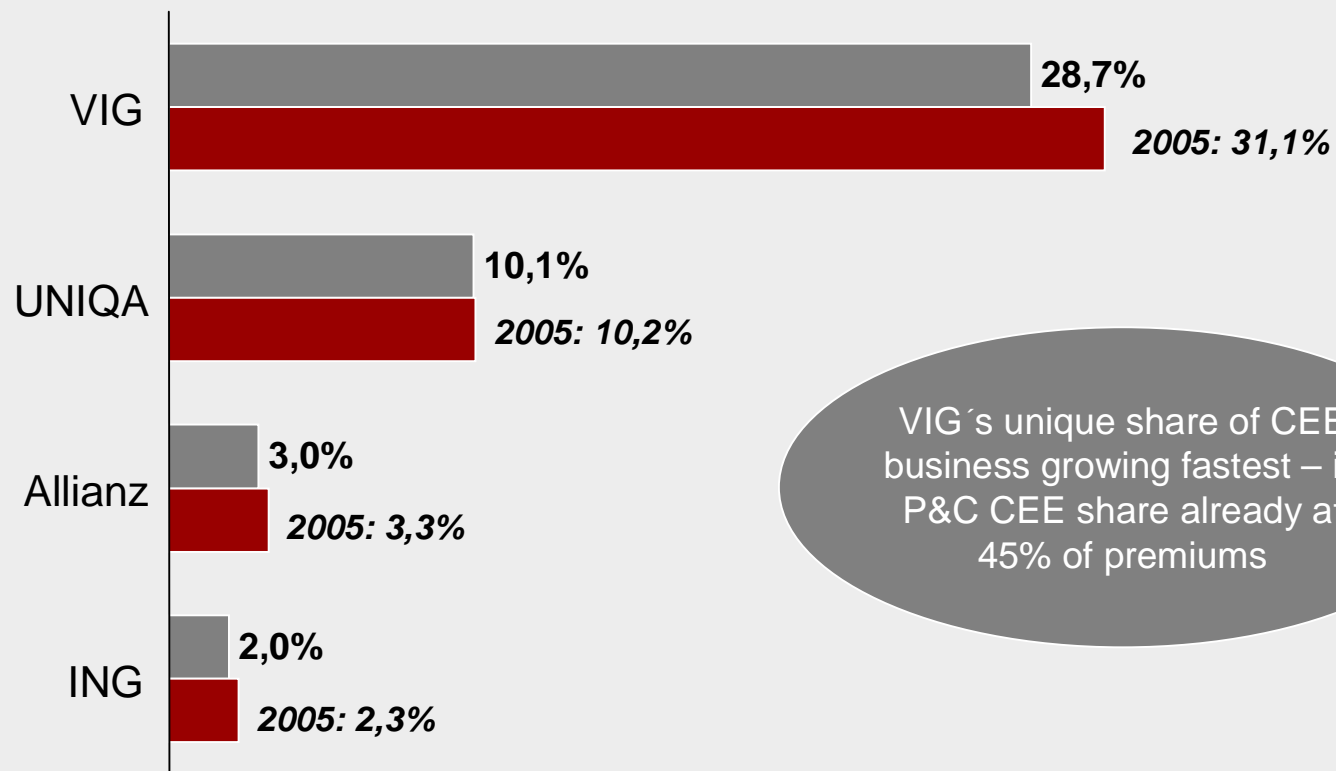
Source: For market shares National Insurance Associations, except for Romania (Insurance Profile Feb-2005)

# Largest CEE Insurance Play - Update

Only Vienna Insurance Group widely captures CEE potential

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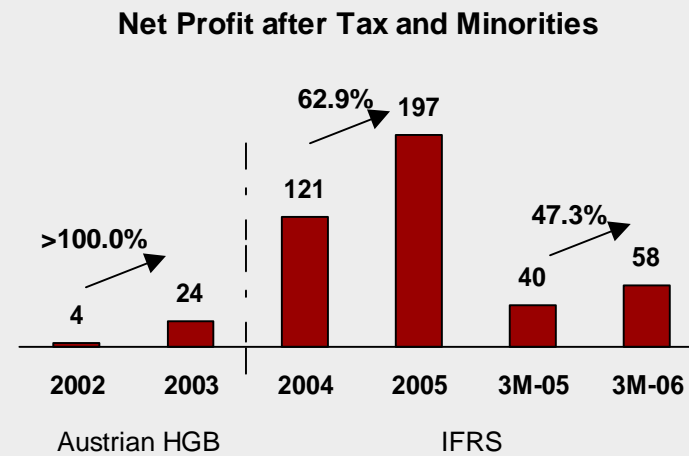
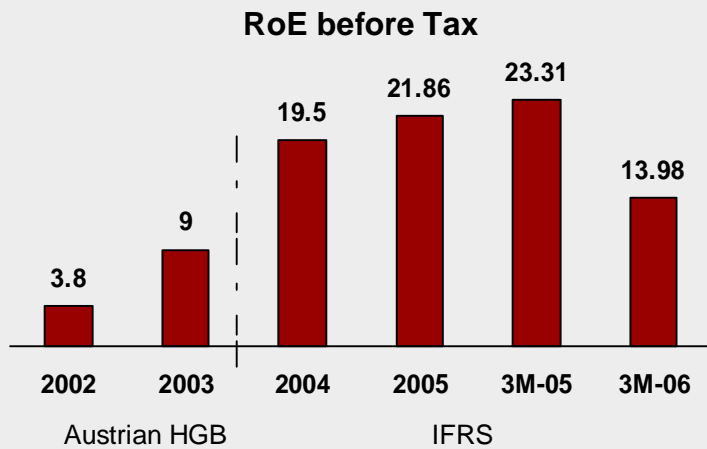
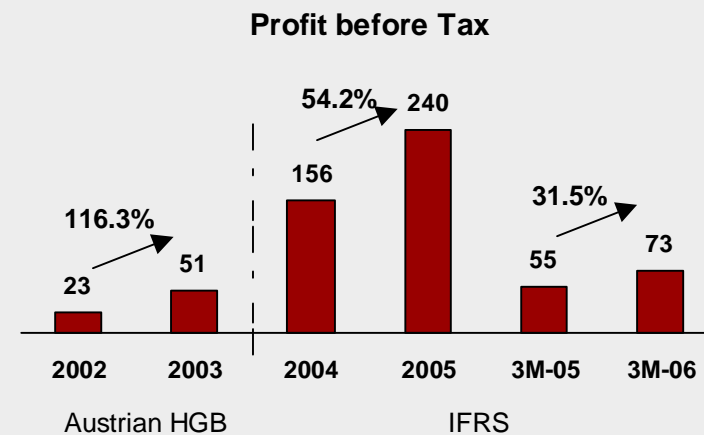
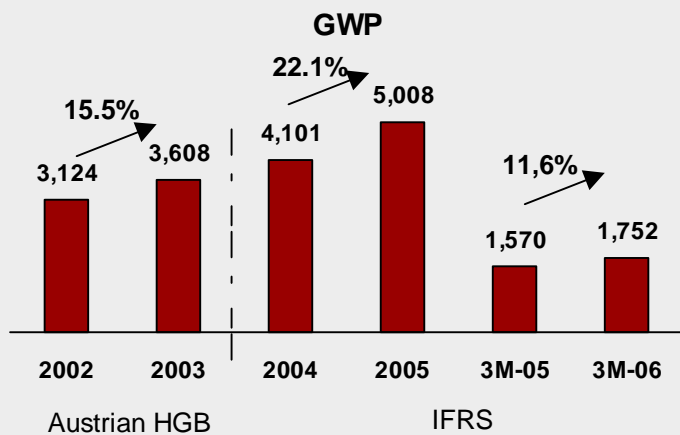
## CEE Premiums (2004/2005) as % of Total Group Premiums



Source: Publicly available information; CEE share of Aviva unavailable

# Q1 2006 Highlights (I)

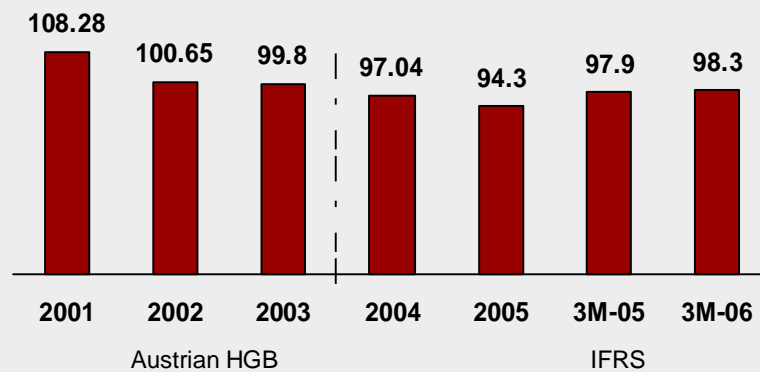
Continued earnings growth



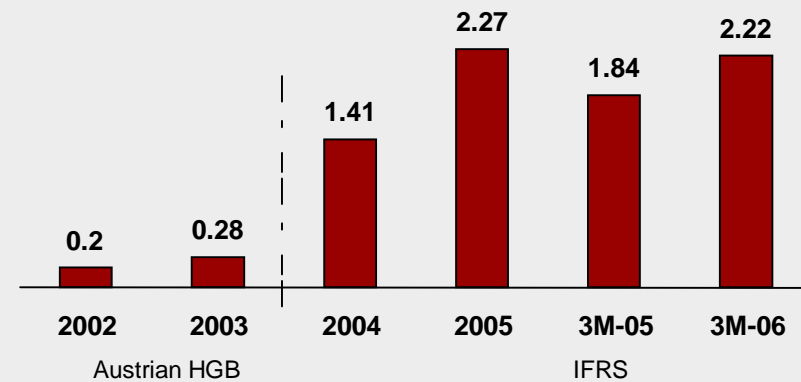
Note: For 2002-2003 according to Austrian HGB, as of 2004 according to IFRS

# Q1 2006 Highlights (II)

**Net Combined Ratio**



**EPS annualised**



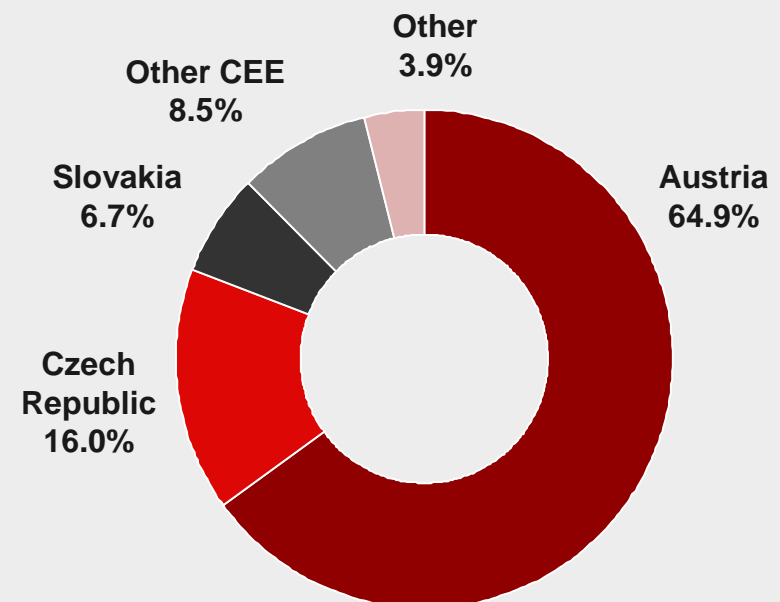
\* Subject to approval by AGM

- § All CEE markets continue to feature positive results after reaching break-even for the first time in 2005
- § Acquisition of 40% stake in Kardan Financial Services closed in April – Kardan insurance companies will be 40% proportionally consolidated as of Q2 2006
- § Acquisition of Ukrainian insurance company Globus closed in April – VIG has now 3 operations with a total annual premium volume of about EUR 8mn (unconsolidated)
- § VIG aims at a top 3 position in those core markets where it ranks already among the top 5 (i.e. in Croatia and Serbia) and intends to further enlarge its position in Poland and Hungary
- § Use of SPO funds: As announced during the SPO about EUR 290mn have already been used for CEE acquisitions entered into in 2005 and closed in 2006. In addition, about EUR 50mn have been used for capital increases in our existing CEE subsidiaries in order to support the strong organic business growth

## Highlights of VIG in CEE

- § Pioneer in CEE expansion
- § CEE share of total P&C business ~45%
- § All CEE markets feature positive results
- § Strong acquisition and integration track record
- § Strong growth focus – Top 5 target for all core CEE markets and top 3 target for those where #5 position has been reached

## VIG GWP by Geography

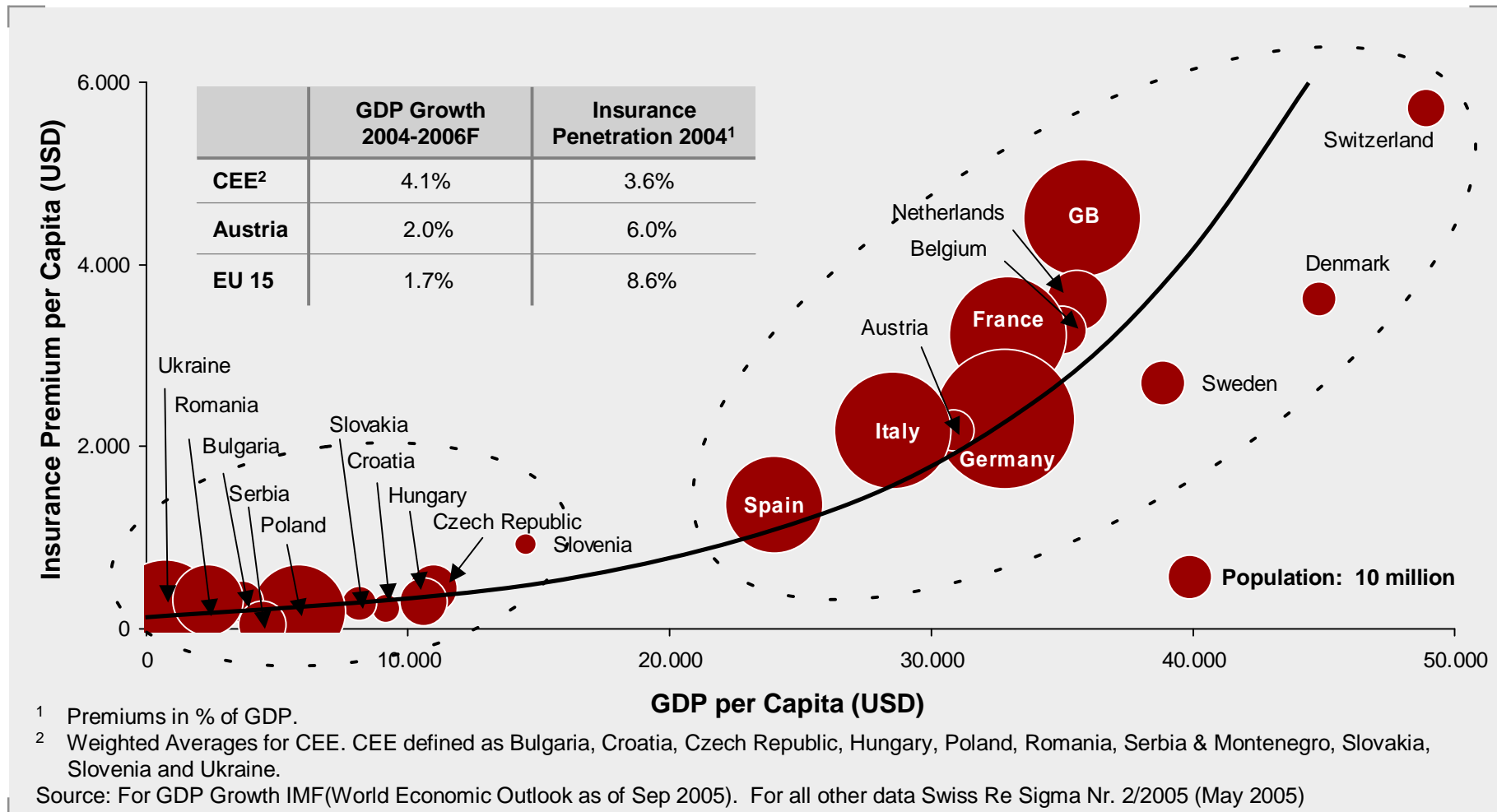


**3M 2006 Total: €1.75bn**

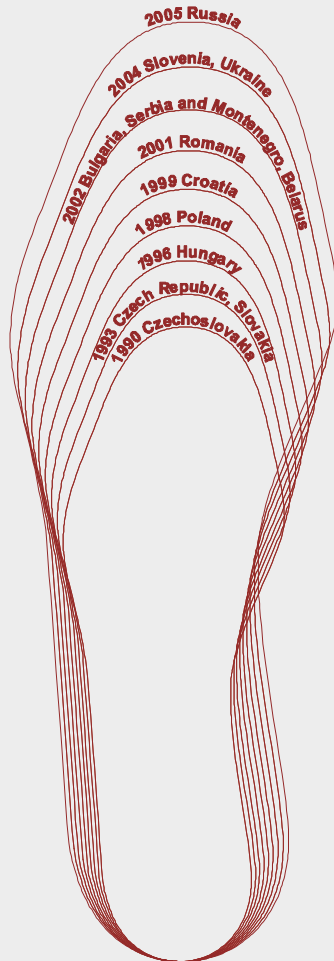


# CEE Region Offers „Double Leverage“

Sustainable growth through GDP and insurance penetration



# VIG Has Been a Pioneer in the CEE Region Following a Very Targeted Expansion Strategy



## § Focus

- Retail

## § Investment philosophy

- Step-by-step market entry
- Tight operational management
- 2-4 years to reach break-even, accelerated growth thereafter
- Czech and Slovak business have reached 25-30% RoE before tax

# VIG: Attractive Franchise (I)

Distribution is key: Multi-brand strategy



- § VIG is umbrella brand
- § local companies keep well established brands to support distribution

# VIG: Attractive Franchise (II)

Distribution is key: Multi-channel strategy

## Strong Multi-Channel Distribution

§ Austria:

Roughly 30/30/30% split between tied agents/ bank distribution/ brokers etc. in new business

§ CEE:

Different from country to country according to market practice and legal regulations



# VIG in Austria

Attractive franchise plus growth potential in life insurance

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- § Leading market position in all business lines
  - #1 in property & casualty with 20% market share
  - #1 in life with 22% market share
  - #2 in health with 21% market share

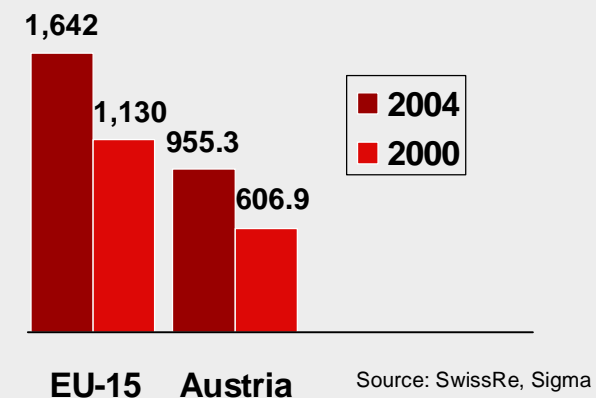
§ Overall market share gains through organic growth

§ Austrian p&c highly profitable with declining C/R

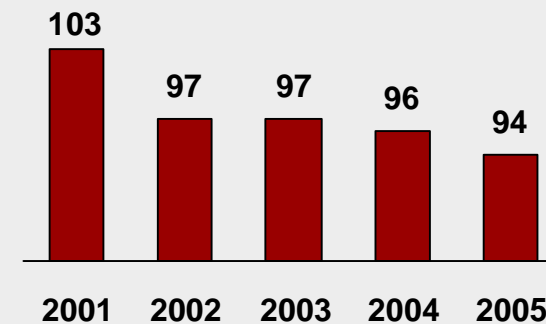
§ strong growth potential in life insurance: Austria lags behind EU-15 in premium per capita

§ Ongoing reforms of social security system to generate strong demand for life savings products

Life Premium per Capita (USD)



Net Combined Ratio % (WSV AG)



# Financial Targets

Refocused targets for 2006 and 2007

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	2006T	2007T
<b>Profit before tax</b>	~ €290million	~ €350 million
<b>Net combined ratio</b>	<100%	<100%
<b>RoE before tax<sup>1</sup></b>	~16%	17%-18%
<b>Payout ratio (as % of net income)</b>	>30%	>30%

<sup>1</sup> incl. Dec. 2005 capital increase



## **Appendix**

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Financials, Shareholder Structure, Contact

# Q1 2006 Income Statement

IFRS (€m)

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	3M 2006	3M 2005	+/- %
1. Gross written premiums	1,752.2	1,570.0	11.6
2. Net earned premiums	1,247.4	1,111.6	12.2
3. Net investment income <sup>1</sup>	162.0	132.3	22.5
4. Other income	15.8	9.5	66.5
<b>Total income</b>	<b>1,425.2</b>	<b>1,253.4</b>	<b>13.7</b>
6. Expenses for claims incurred	-1,049.0	-921.9	13.8
7. Operating expenses	-263.4	-235.5	11.8
8. Other expenses	-39.9	-40.5	-1.5
<b>Total expenses</b>	<b>-1,352.3</b>	<b>-1,198.0</b>	<b>12.9</b>
<b>Profit before tax</b>	<b>72.9</b>	<b>55.5</b>	<b>31.5</b>
Taxes	-12.5	-13.3	-6.4
<b>Net profit before minorities (Profit for the year)</b>	<b>60.4</b>	<b>42.2</b>	<b>43.4</b>
Minorities	-2.1	-2.5	-17.5
<b>Net profit after minorities</b>	<b>58.4</b>	<b>39.6</b>	<b>47.3</b>

<sup>1</sup> including income from associated and affiliated companies



# Q1 2006 Balance Sheet

IFRS (€m)

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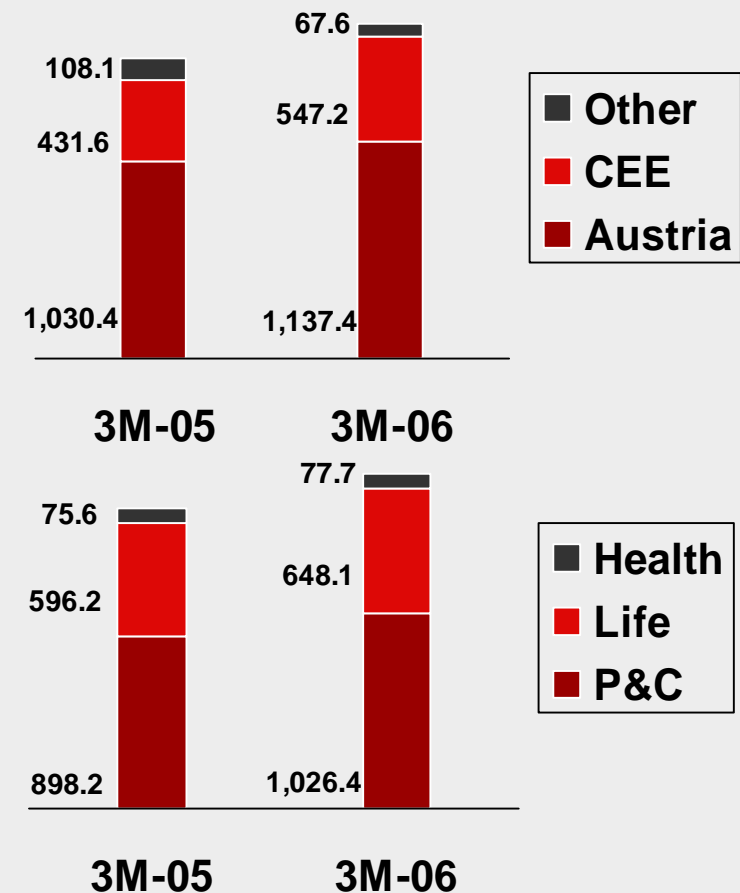
	31-Mar-06	31-Dec-05	+/- %
Intangible assets	315	317	-0.6
Total investments	15,555	15,163	2.6
Unit- and index-linked investments	1,945	1,762	10.4
Reinsurers' share in technical provisions	949	840	13.0
Receivables	1,010	857	17.8
Deferred tax assets	15	12	22.6
Other assets	175	201	-12.7
Cash and cash equivalents	266	290	-8.4
<b>Total assets</b>	<b>20,230</b>	<b>19,441</b>	<b>4.1</b>
Shareholders' equity	2,113	2,059	2.6
<i>thereof minorities</i>	59	58	2.0
Subordinated liabilities	413	413	0.0
Technical provisions	13,678	13,086	4.5
Unit- and index-linked technical provisions	1,882	1,730	8.8
Non-technical provisions	816	871	-6.4
Liabilities	1,127	1,075	4.8
Deferred tax liabilities	127	124	2.2
Other liabilities	75	83	-9.1
<b>Total liabilities and equity</b>	<b>20,230</b>	<b>19,441</b>	<b>4.1</b>

# Q1 2006 P&L Major Items – Gross Written Premiums

Double digit growth (€m)

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- § Group GWP increased by 11.6% to € 1,752mn.
- § Austria: total GWP up 10.4% to reach €1.1bn. Life up 13.8% at 480.8mn and non-life up 8.9% at 579.0mn
- § In the Czech Republic GWP increased by 16.6% to € 281.0mn (incl. consolidation of CPP). Excluding CPP non-life premiums were up 2.2% (12.7% incl. CPP) against weak market, while life recorded an increase of 17.6% (35.8% incl. CPP)
- § In Slovakia business showed moderate growth of 4.7% to reach €116.8mn, influenced by lower market prices in MTPL
- § High growth in Other CEE markets of 89.0% to €149.3mn, net of new acquisitions still double digit increase of 18.7%.
- § Reduction of €40.5mn due to decrease of single premiums in Liechtenstein



Note: in Q1 05 the following companies were not yet included in the Group figures: CPP (Czech Republic), Omnisig Group (Romania), Royal Polska and Benefia (Poland) and Cosmopolitan (Croatia). Also the Cigna (Poland) which was closed in March 06 has not been included in the Q1 06 figures.

# Q1 2006 P&L Major Items – Expenses for Claims Incurred

Seasonal effects on loss ratio (€m)

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- § Overall loss ratio in P&C increased by 3.2% as a result of seasonal effects, combined ratio still well below 100%
- § Austria saw extraordinary damage from snow pressure
- § In the Czech Republic the claims incurred were driven by snow pressure and floodings with a very large number of small damage
- § Slovakia recorded snow pressure damage in Q1 06 vs. very low seasonal effects in Q1 05
- § In Other CEE the reduction of the loss ratio was impacted by improved reinsurance structure and improving claims management particularly in Poland, Hungary and Romania
- § Life and Health segments in line with premium development

	P&C		Life		Health	
	3M-06	3M-05	3M-06	3M-05	3M-06	3M-05
<b>Net Earned Premiums:</b>	548.6	452.1	624.5	587.4	74.2	72.1
<b>Expenses for Claims Incurred:</b>	368.6	289.5	620.7	573.0	59.7	59.5
<b>Ratio</b>	<b>67.2</b>	<b>64.0</b>	<b>99.4</b>	<b>97.5</b>	<b>80.4</b>	<b>82.5</b>

# Q1 2006 P&L Major Items – Operating Expenses

Favourable impact of cost management (€m)

20

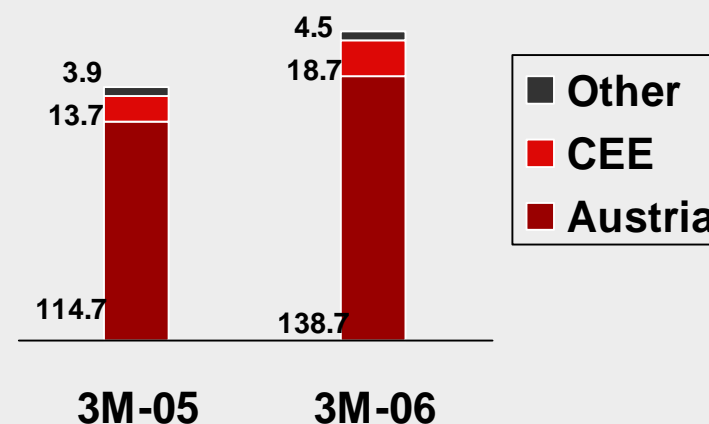
- § Favourable trend in overall costs
- § Austria (despite group holding function of Wiener Städtische AG) and the Czech Republic featured a benign expense development based on recent cost cutting measures
- § Slovakia accounted for lower reinsurance commissions
- § In Other CEE the increase of the expense ratio was lower than premium growth despite inclusion of new acquisitions

	P&C		Life		Health	
	3M-06	3M-05	3M-06	3M-05	3M-06	3M-05
<b>Net Earned Premiums:</b>	548.6	452.1	624.5	587.4	74.2	72.1
<b>Operating Expenses:</b>	149.2	127.4	103.7	97.9	10.5	10.2
<b>Ratio</b>	<b>27.2</b>	<b>28.2</b>	<b>16.6</b>	<b>16.7</b>	<b>14.2</b>	<b>14.1</b>

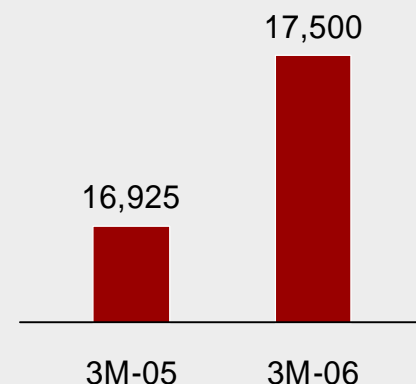
# Q1 2006 P&L Major Items – Net Investment Income

Realisation of gains (€m)

- § Increase in Net Investment Income by 22.4% mainly as a result of realisation of gains in shares in Austria
- § Stable trend in the Czech Republic and Slovakia
- § Increase in Other CEE mainly due to consolidation of new acquisitions



## Total Investments



# Q1 2006 P&L – Business Segments

Property & Casualty, IFRS (€m)

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	3M 2006	3M 2005	+/- %
1. Gross written premiums	1,026.4	898.2	14.3
2. Net earned premiums	548.6	452.1	21.3
3. Net investment income	23.7	16.3	45.6
4. Other income	6.3	5.3	17.9
<b>Total income</b>	<b>578.5</b>	<b>473.7</b>	<b>22.1</b>
6. Expenses for claims incurred	-368.6	-289.5	27.3
7. Operating expenses	-149.2	-127.4	17.2
8. Other expenses	-27.3	-31.7	-13.6
<b>Total expenses</b>	<b>-545.1</b>	<b>-448.5</b>	<b>21.5</b>
<b>Profit before tax</b>	<b>33.4</b>	<b>25.2</b>	<b>32.7</b>

# Q1 2006 P&L – Business Segments

Life, IFRS (€m)

23

	3M 2006	3M 2005	+/- %
1. Gross written premiums	648.1	596.2	8.7
2. Net earned premiums	624.5	587.4	6.3
3. Net investment income	133.9	111.2	20.4
4. Other income	9.5	4.2	>100.0
<b>Total income</b>	<b>768.0</b>	<b>702.8</b>	<b>9.3</b>
6. Expenses for claims incurred	-620.7	-573.0	8.3
7. Operating expenses	-103.7	-97.9	5.8
8. Other expenses	-12.3	-8.6	43.0
<b>Total expenses</b>	<b>-736.7</b>	<b>-679.5</b>	<b>8.4</b>
<b>Profit before tax</b>	<b>31.3</b>	<b>23.3</b>	<b>34.8</b>

# Q1 2006 P&L – Business Segments

Health, IFRS (€m)

24

	3M 2006	3M 2005	+/- %
1. Gross written premiums	77.7	75.6	2.8
2. Net earned premiums	74.2	72.1	3.0
3. Net investment income	4.5	4.8	-8.0
4. Other income	0.0	0.0	0.0
<b>Total income</b>	<b>78.7</b>	<b>77.0</b>	<b>2.3</b>
6. Expenses for claims incurred	-59.7	-59.5	0.4
7. Operating expenses	-10.5	-10.2	3.4
8. Other expenses	-0.3	-0.3	0.0
<b>Total expenses</b>	<b>-70.5</b>	<b>-69.9</b>	<b>0.8</b>
<b>Profit before tax</b>	<b>8.2</b>	<b>7.1</b>	<b>16.2</b>



# Q1 2006 P&L - Split by Regions (I)

Regional segments, IFRS (€m)

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	Austria		Czech Republic		Slovakia	
	3M 2006	3M 2005	3M 2006	3M 2005	3M 2006	3M 2005
1. Gross written premiums	1,137.4	1,030.4	281.0	241.0	116.8	111.6
2. Net earned premiums	827.6	763.9	189.6	144.3	67.8	57.3
3. Net investment income	138.7	114.7	8.5	8.5	4.2	3.6
4. Other income	7.5	3.5	2.5	2.4	2.1	1.6
<b>Total income</b>	<b>973.8</b>	<b>882.1</b>	<b>200.6</b>	<b>155.1</b>	<b>74.1</b>	<b>62.6</b>
6. Expenses for claims incurred	-747.9	-678.8	-145.0	-91.1	-43.5	-32.8
7. Operating expenses	-160.0	-155.1	-37.0	-34.8	-16.4	-13.0
8. Other expenses	-11.1	-9.1	-12.0	-16.0	-7.9	-8.0
<b>Total expenses</b>	<b>-919.0</b>	<b>-843.0</b>	<b>-194.0</b>	<b>-141.9</b>	<b>-67.8</b>	<b>-53.8</b>
<b>Profit before tax</b>	<b>54.8</b>	<b>39.1</b>	<b>6.6</b>	<b>13.2</b>	<b>6.3</b>	<b>8.8</b>
<b>Combined Ratio</b>	<b>96.8%</b>	<b>97.6%</b>	<b>101.3%</b>	<b>95.7%</b>	<b>93.4%</b>	<b>87.9%</b>

## Q1 2006 P&L - Split by Regions (II)

Regional segments, IFRS (€m)

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	Other CEE		Other		TOTAL	
	3M 2006	3M 2005	3M 2006	3M 2005	3M 2006	3M 2005
1. Gross written premiums	149.3	79.0	67.6	108.1	1,752.2	1,570.0
2. Net earned premiums	102.9	50.0	59.5	96.2	1,247.4	1,111.6
3. Net investment income	6.1	1.6	4.5	3.9	162.0	132.3
4. Other income	2.2	0.8	1.5	1.2	15.8	9.5
<b>Total income</b>	<b>111.2</b>	<b>52.4</b>	<b>65.6</b>	<b>101.3</b>	<b>1,425.2</b>	<b>1,253.4</b>
6. Expenses for claims incurred	-61.2	-30.9	-51.4	-88.5	-1,049.0	-921.9
7. Operating expenses	-43.7	-24.3	-6.3	-8.3	-263.4	-235.5
8. Other expenses	-4.7	-3.5	-4.2	-3.8	-39.9	-40.5
<b>Total expenses</b>	<b>-109.7</b>	<b>-58.7</b>	<b>-61.8</b>	<b>-100.6</b>	<b>-1,352.3</b>	<b>-1,197.9</b>
<b>Profit before tax</b>	<b>1.5</b>	<b>-6.3</b>	<b>3.7</b>	<b>0.7</b>	<b>72.9</b>	<b>55.5</b>
<b>Combined Ratio</b>	<b>103.8%</b>	<b>119.2%</b>	<b>79.2%</b>	<b>83.4%</b>	<b>98.3%</b>	<b>97.9%</b>

# Q1 2006 Exchange Rates

Country	Curr.	3M 2006		3M 2005	
		Balance Sheet	P & L	Balance Sheet	P & L
Bulgaria	BGN	0,511300	0,511300	0,511274	0,511274
Croatia	HRK	0,136203	0,136192	0,135245	0,135245
Liechtenstein	CHF	0,632871	0,641437	0,647626	0,647626
Poland	PLN	0,253646	0,260783	0,237908	0,237908
Romania	RON	0,284107	0,280599	0,276640	0,276640
Serbia	CSD	0,011438	0,011454	0,012645	0,012645
Slovakia	SKK	0,026575	0,026698	0,025126	0,025126
Czech Republic	CZK	0,034971	0,034966	0,032944	0,032944
Hungary	HUF	0,003763	0,003928	0,004000	0,004000

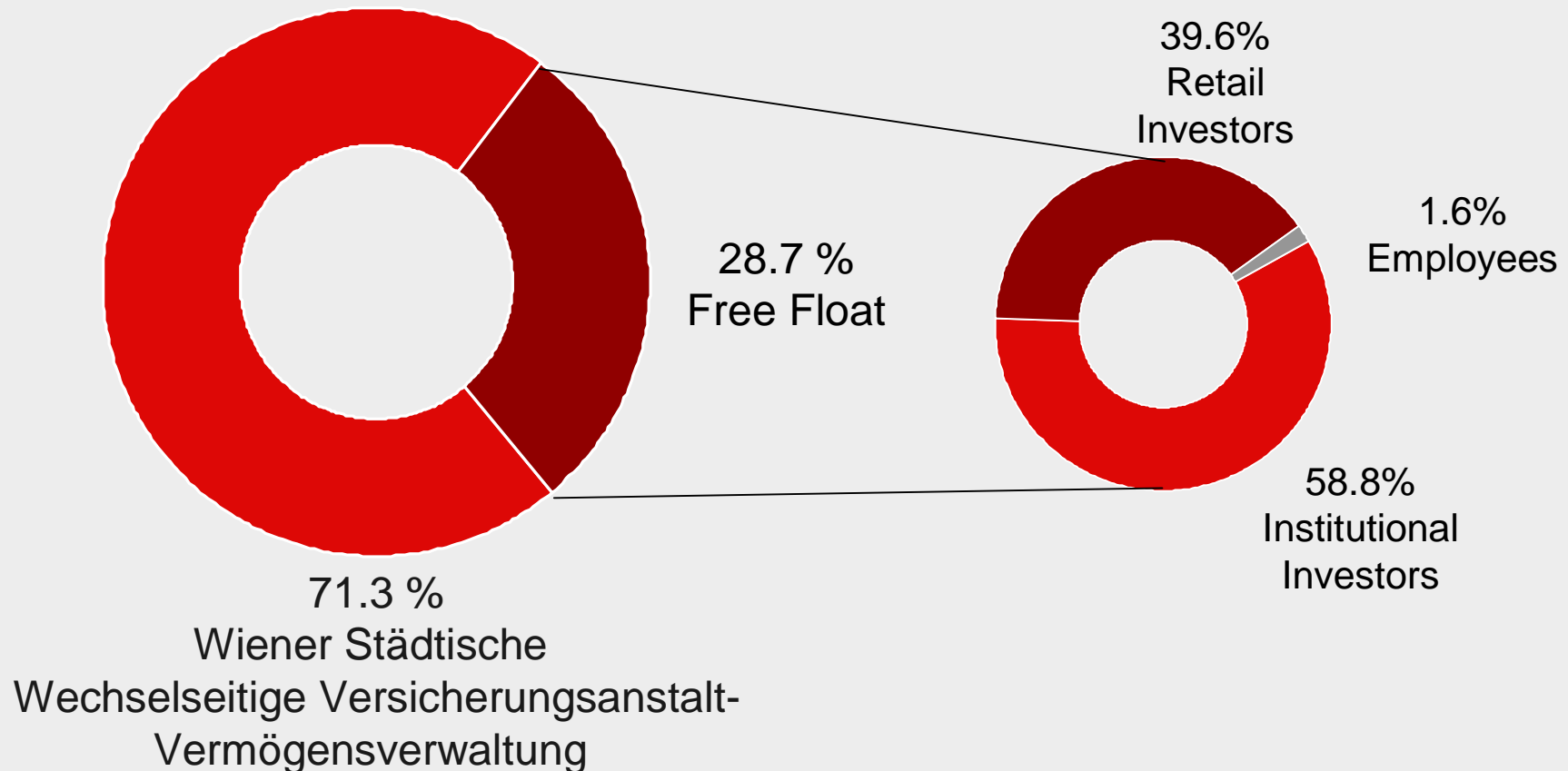
# Shareholder Structure (I)

Total number of shares 105,000,000

28

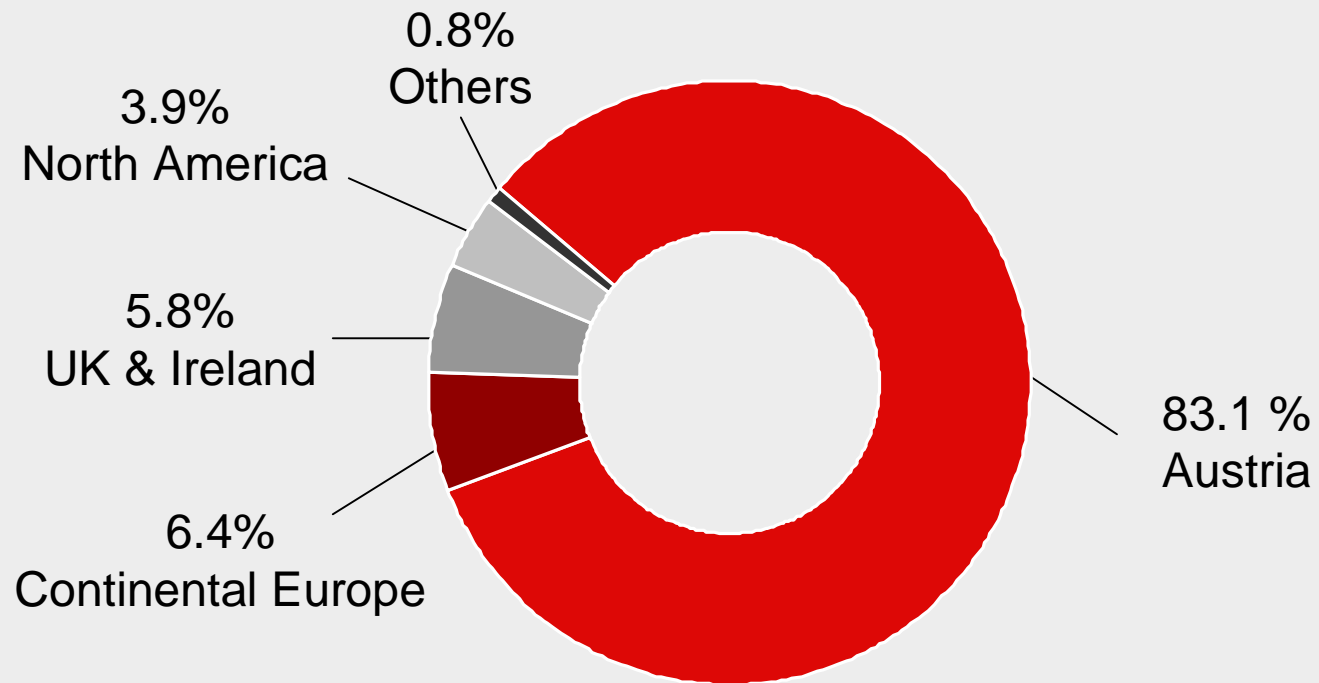
## Shareholder Structure

## Split Free Float



## Shareholder Structure (II)

### Geographical Split



# Contact Details



Investor Relations

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