



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

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UBS CEE Conference – 7 July 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

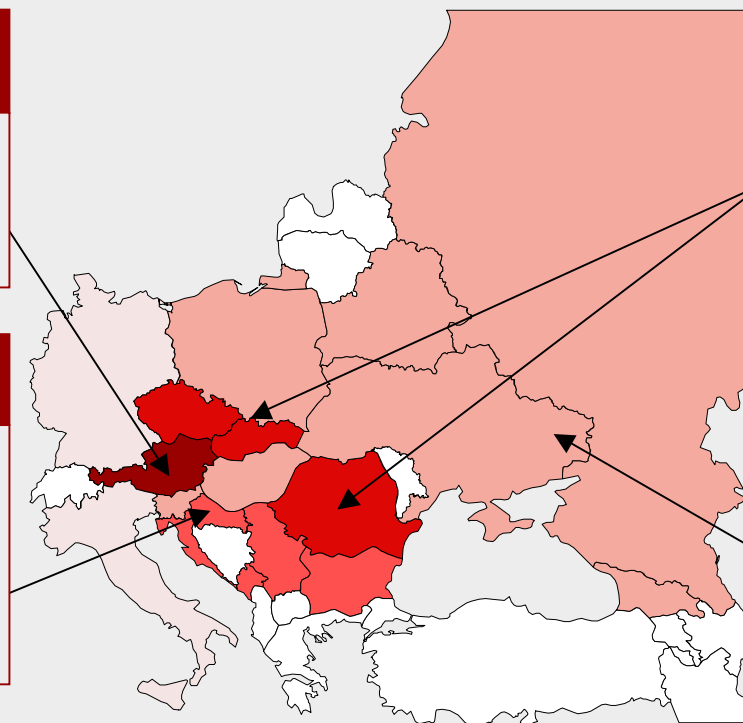
## More than 17 million customers in Austria and CEE

### 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

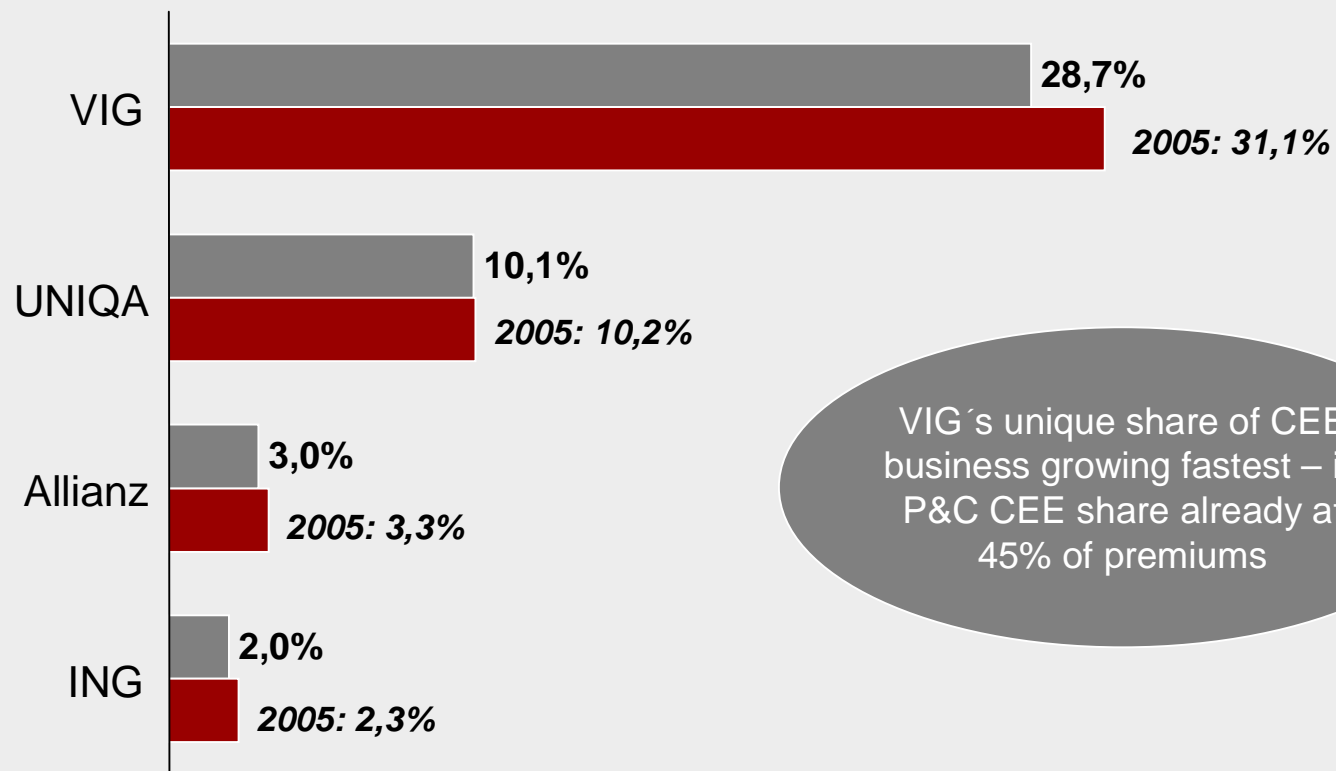
Source: For market shares National Insurance Associations, except for Romania (Insurance Profile Feb-2005)

# Largest CEE Insurance Play - Update

Only Vienna Insurance Group widely captures CEE potential

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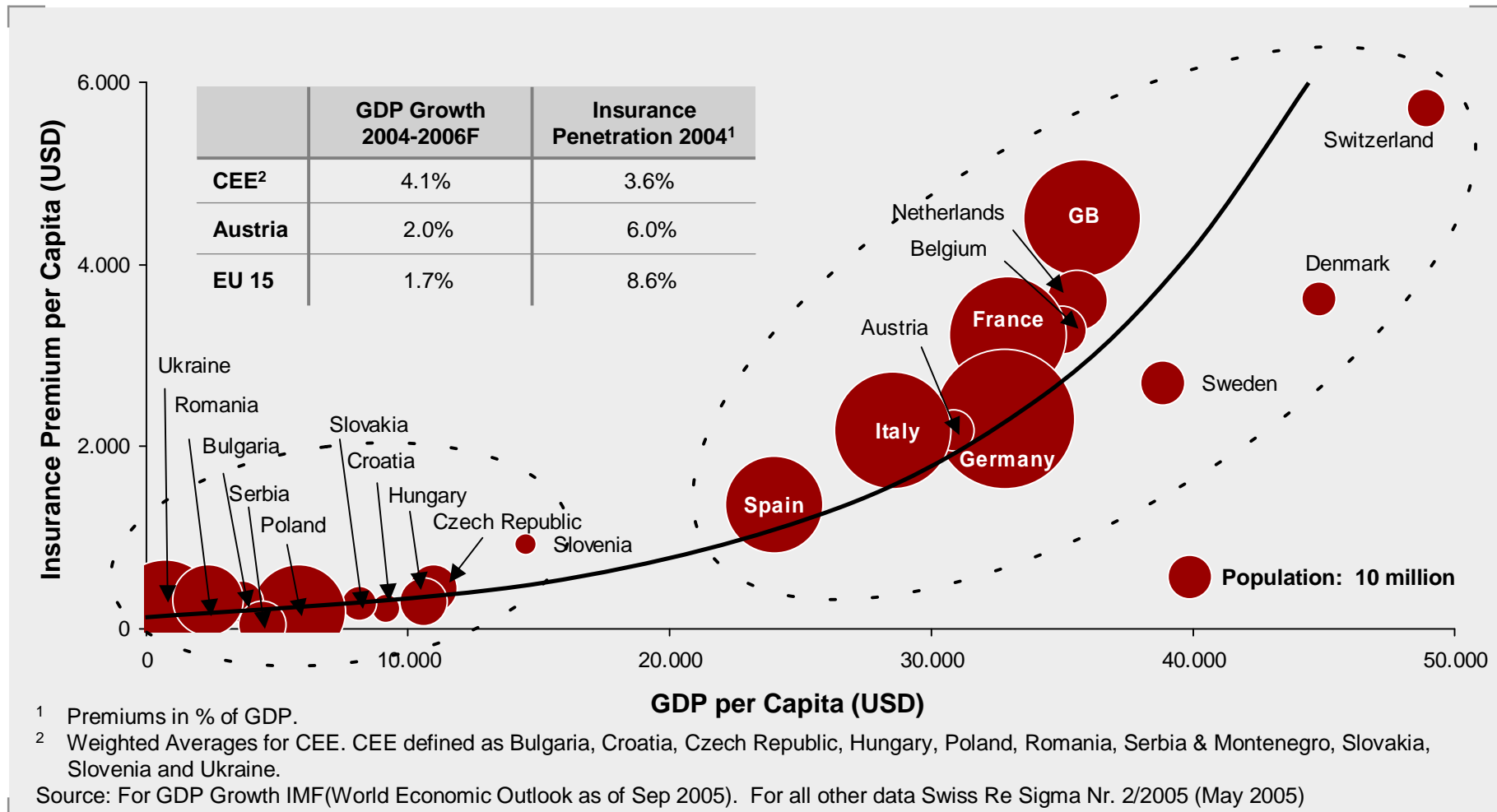
## CEE Premiums (2004/2005) as % of Total Group Premiums



Source: Publicly available information; CEE share of Aviva unavailable

# CEE Region Offers „Double Leverage“

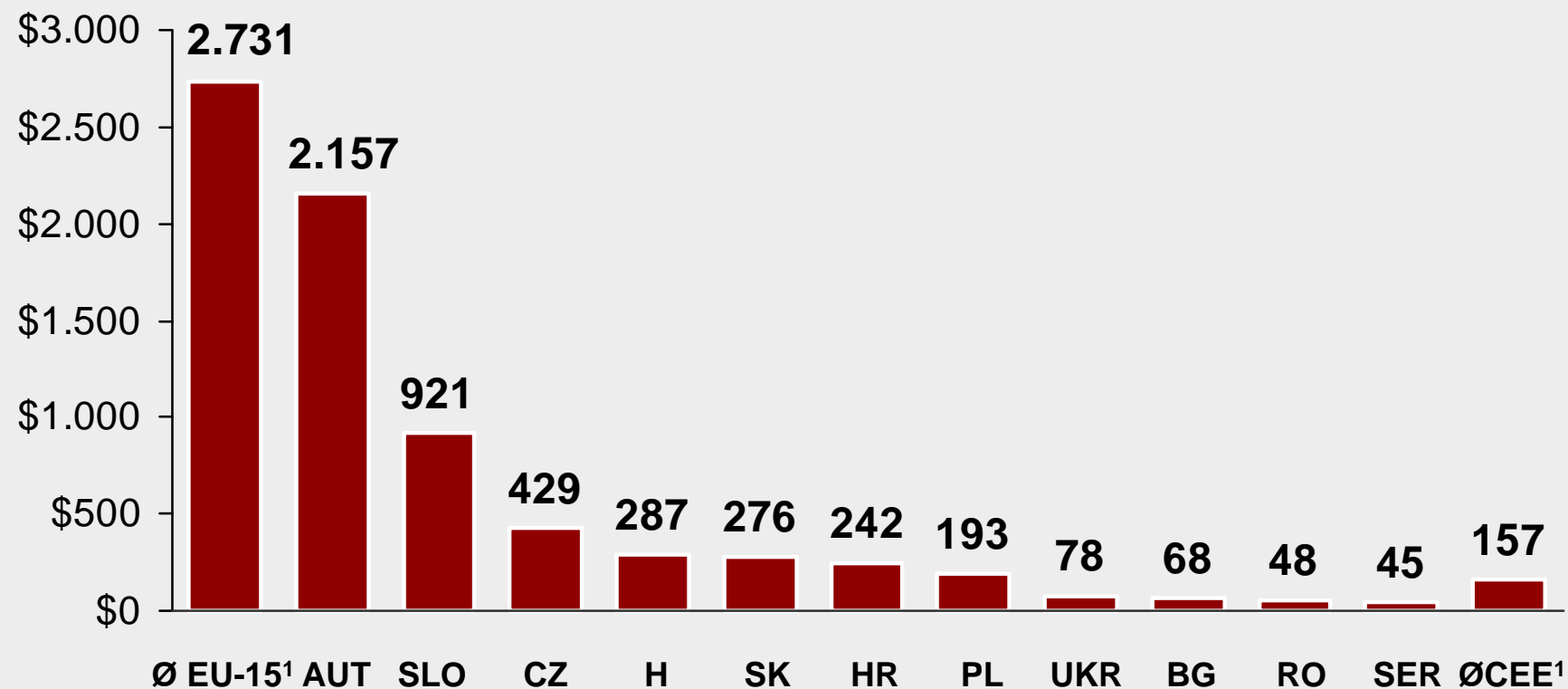
Sustainable growth through GDP and insurance penetration



# Significant Growth Potential in CEE for Insurance

Insurance Density, 2004 (Premiums per Capita)

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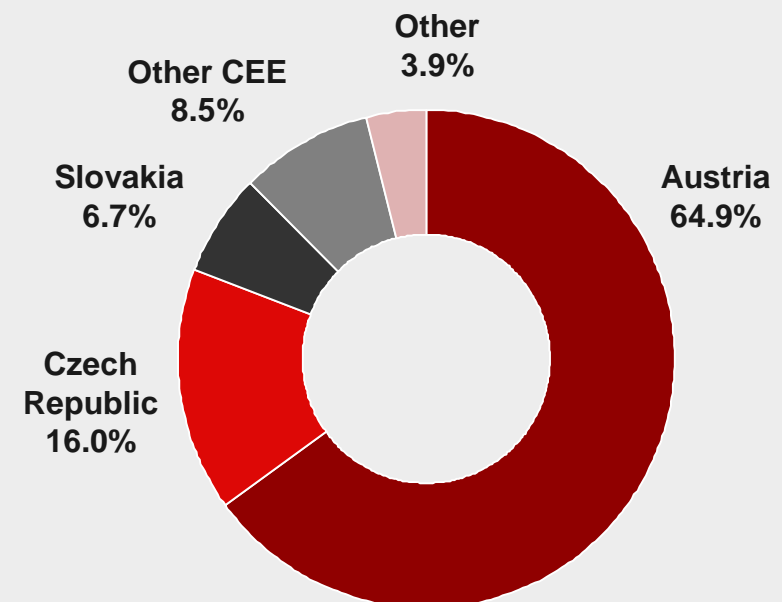
Source: Swiss Re, Sigma Nr. 2/2005

<sup>1</sup> Weighted Average excluding Russia (Russia USD 115 premiums per capita – Weighted Average including Russia USD 137)

## Highlights of VIG in CEE

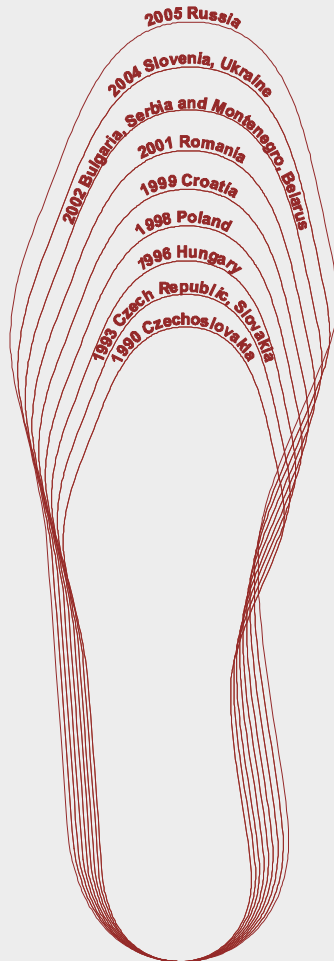
- § Pioneer in CEE expansion
- § CEE share of total P&C business ~45%
- § All CEE markets feature positive results
- § Strong acquisition and integration track record
- § Strong growth focus – Top 5 target for all core CEE markets and top 3 target for those where #5 position has been reached

## VIG GWP by Geography



**3M 2006 Total: €1.75bn**

# 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

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## 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

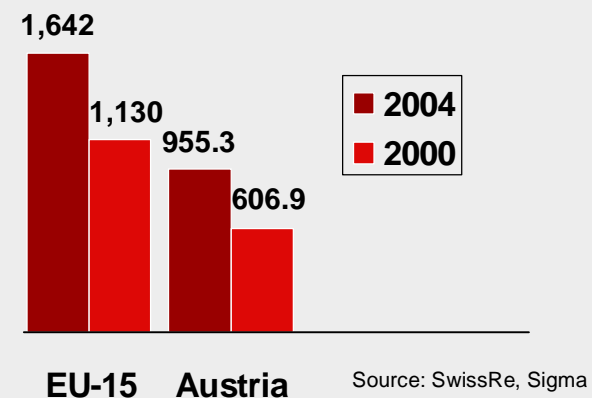
§ Overall market share gains through organic growth

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

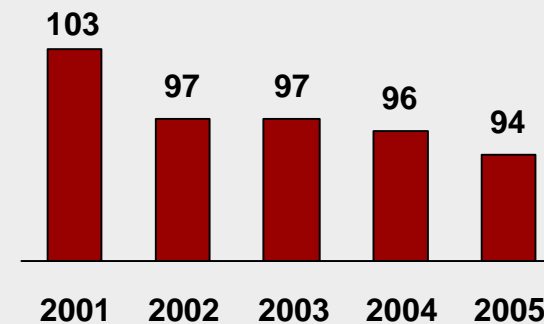
§ strong growth potential in life insurance: Austria lags behind EU-15 in premium per capita

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

Life Premium per Capita (USD)

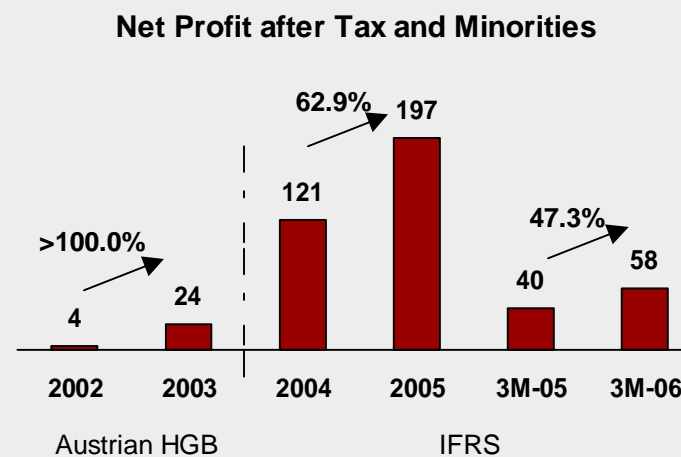
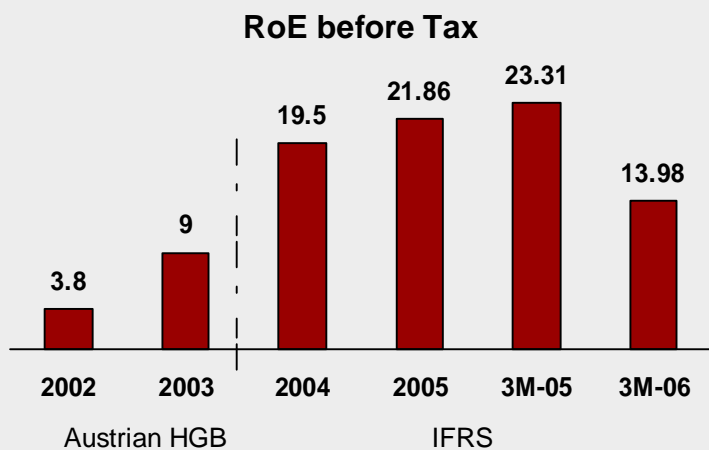
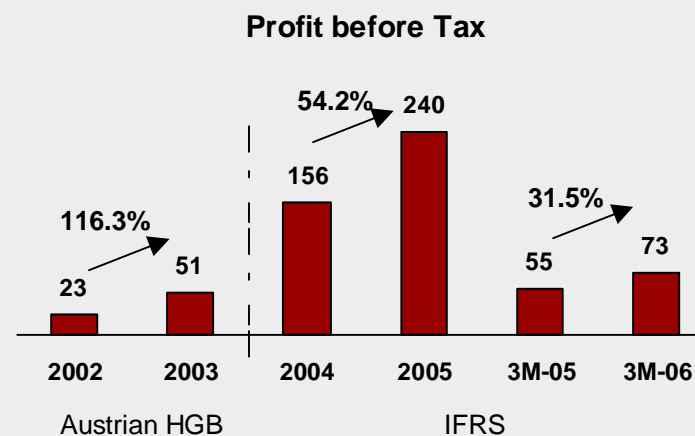
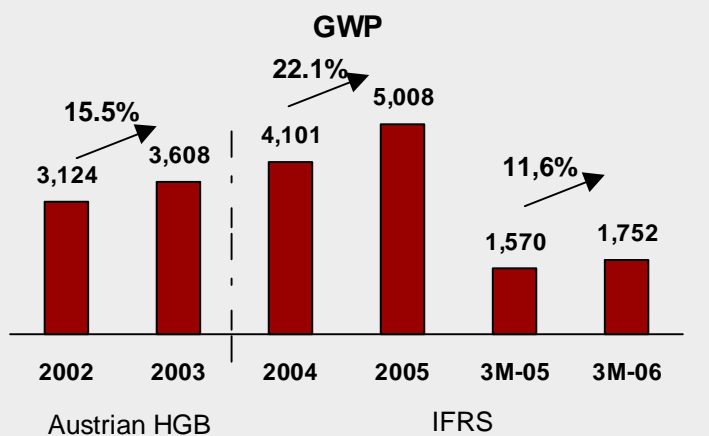


Net Combined Ratio % (WSV AG)



# Q1 2006 Highlights (I)

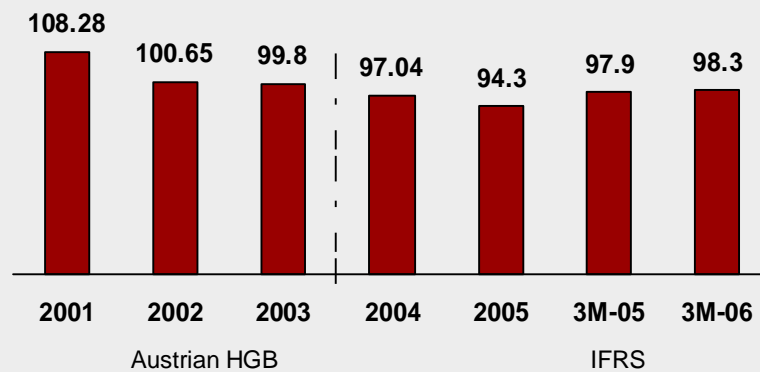
Continued earnings growth



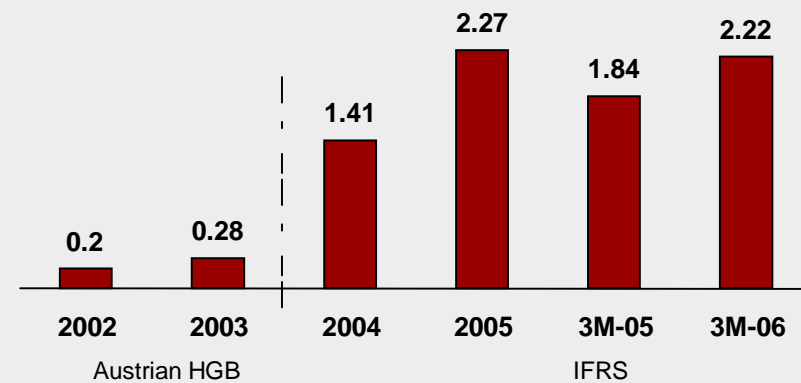
Note: For 2002-2003 according to Austrian HGB, as of 2004 according to IFRS

# 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

# 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

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