



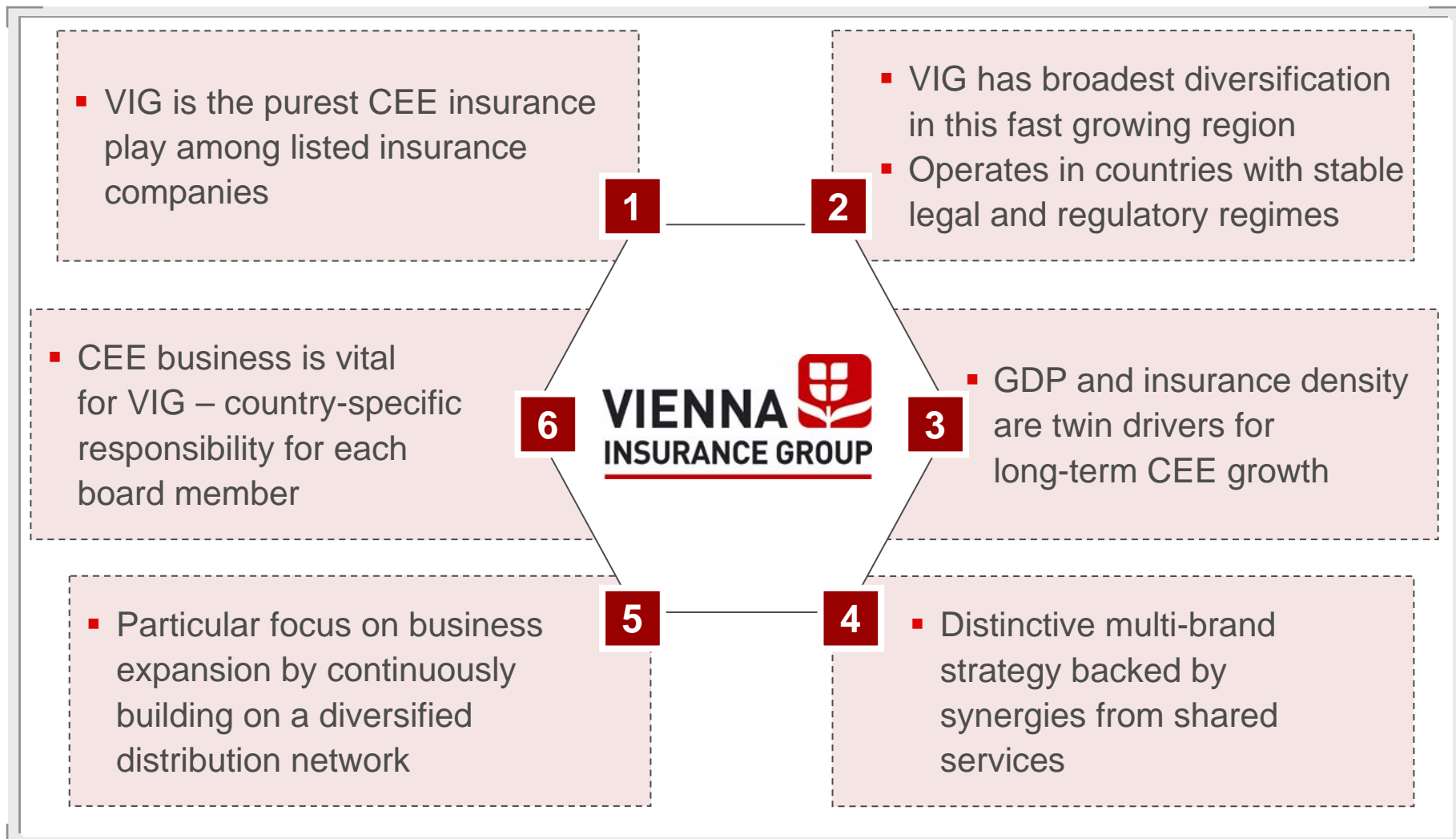
Vienna Insurance Group – Expanding the CEE Insurance Business

ING EMEA Investment Forum, 27 November 2007

Investment Case in Brief

What is unique about VIG?

2

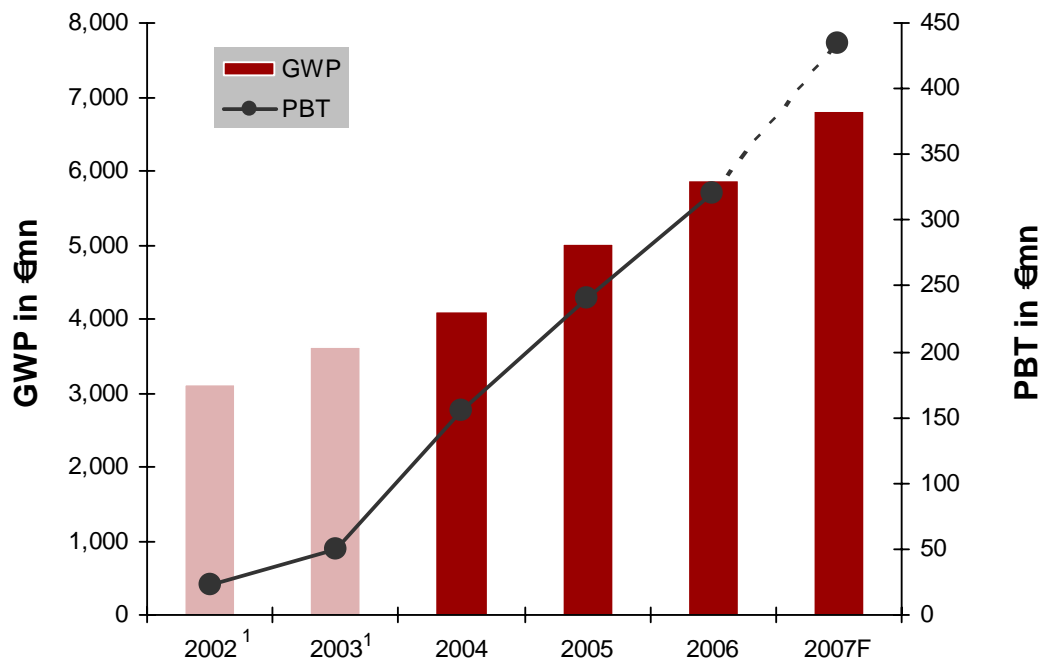


VIG Strategy Delivers

Strong increase in profitability

3

VIG's Path of Profitability



1: Figures for 2002 and 2003 according to Austrian Commercial Code

Comments

- From 2002 to 2006 VIG succeeded in nearly doubling Group gross written premiums implying a CAGR of more than 17%
- From 2004 to 2007F VIG increases profit before tax from € 156mn to € 435mn corresponding to a CAGR of 41.8%

Purest CEE Insurance Play

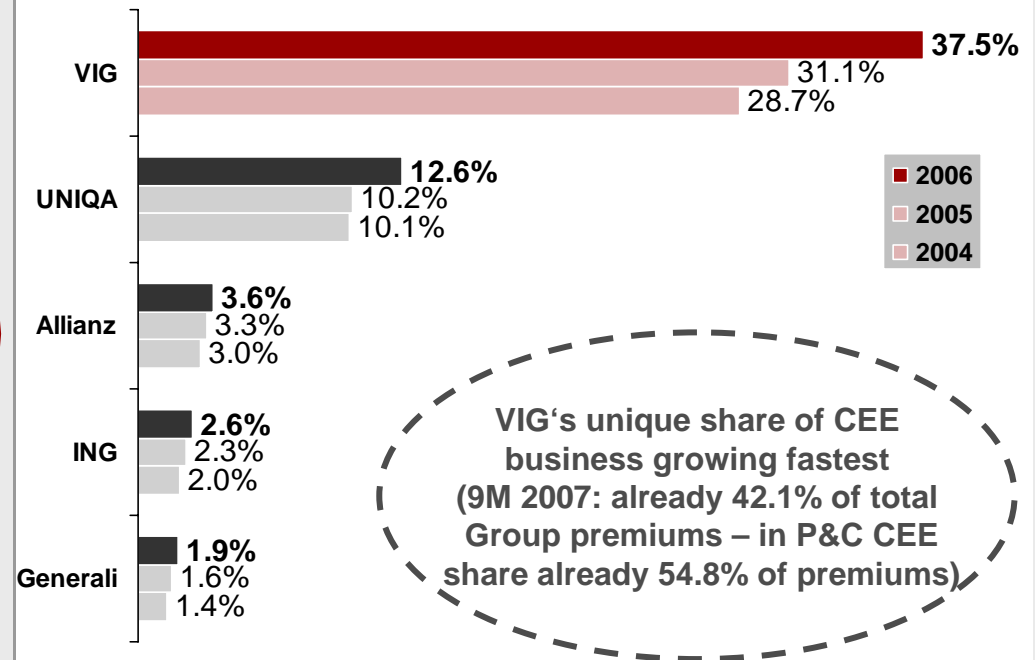
VIG is the leading Austrian insurance group operating in 20 countries

Footprint

● Core Markets



CEE Premiums as % of Total Group Premiums

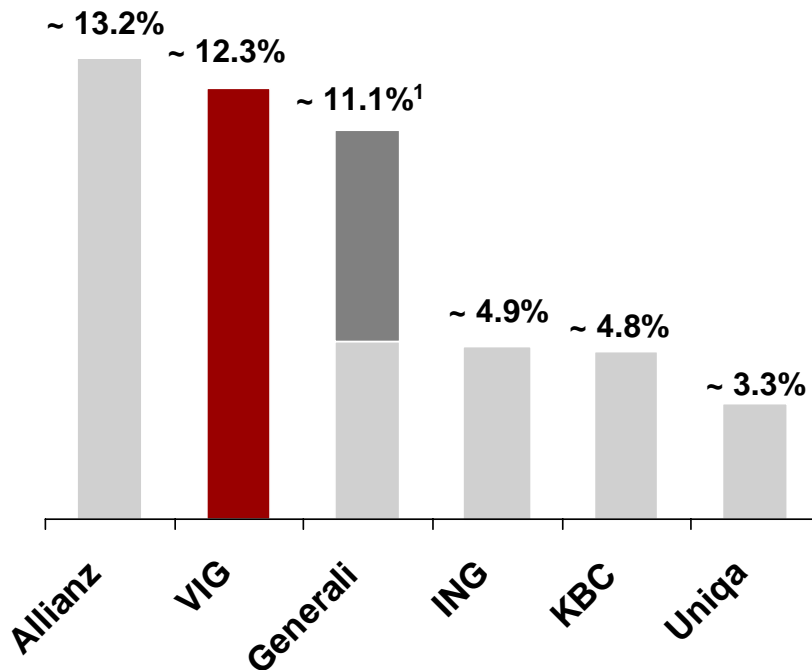


Source: publicly available information

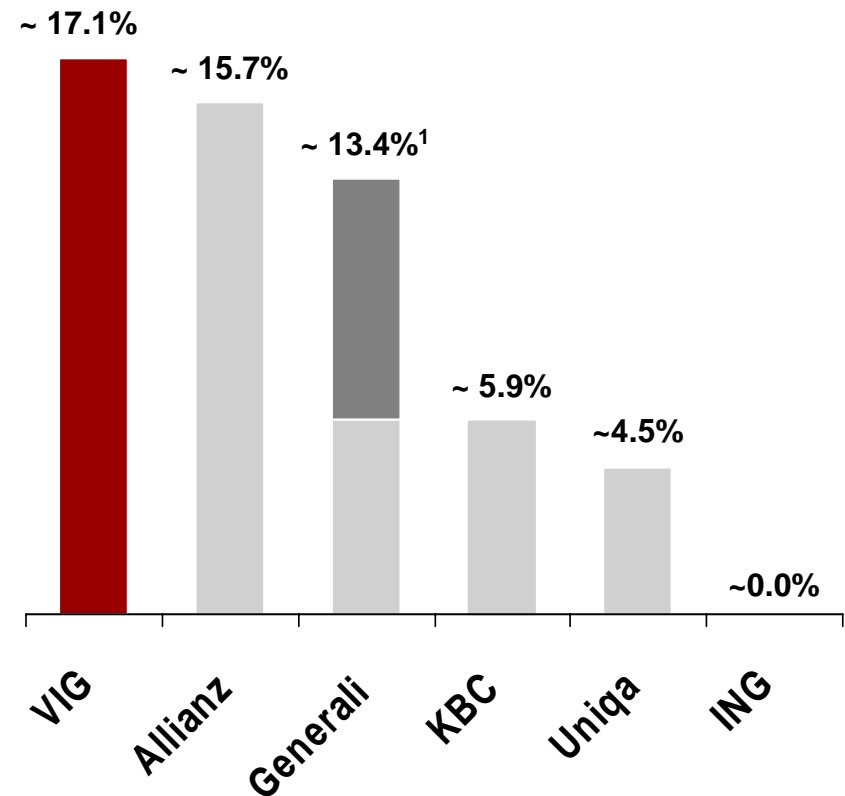
VIG – Top Player in its CEE Markets

Number 2 among international insurance groups

Market Share in CEE²



Market Share in CEE² Non-life



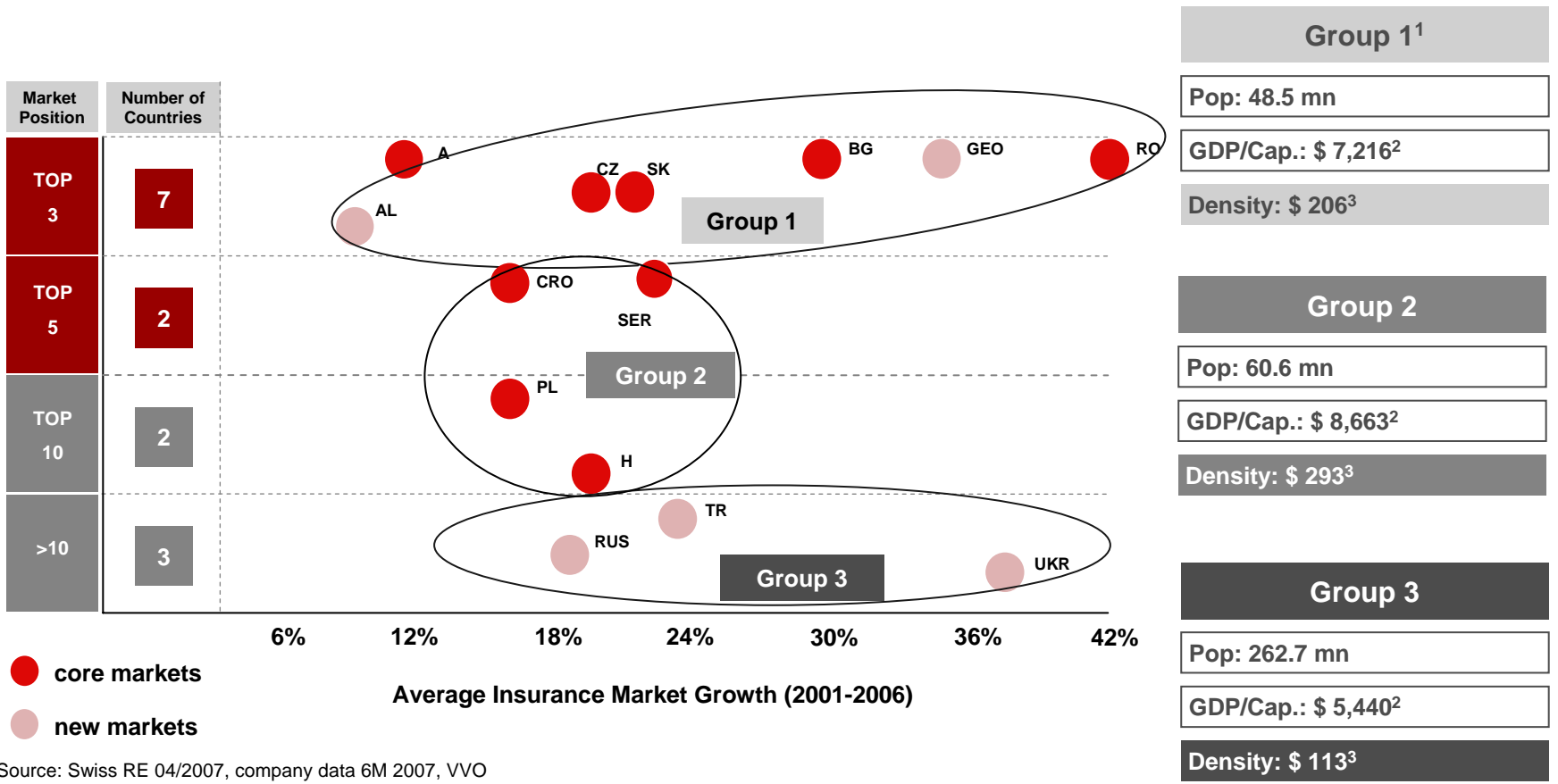
Source: National insurance associations, based on local currencies

1: pro forma incl. recent acquisition, 6M 2007

2: CEE is defined as: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovakia

VIG Is Well Positioned in Its Markets

Broad portfolio of insurance markets with different dynamics



Source: Swiss RE 04/2007, company data 6M 2007, VVO

- 1: Excluding Georgia due to lack of data
- 2: Weighted average GDP/Cap. of the group
- 3: Weighted average density of the group

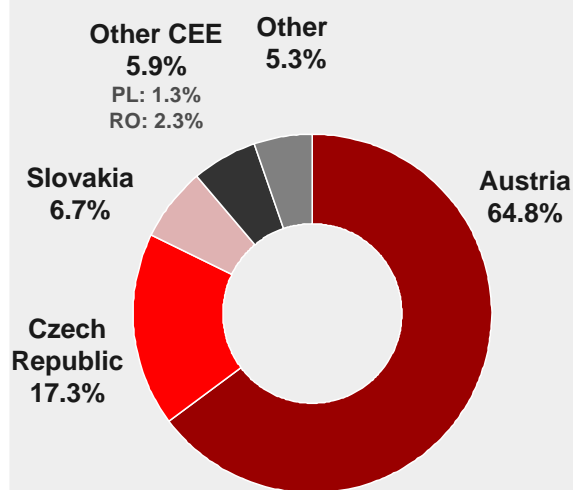
Geographical Diversification Enhanced

GWP split by region

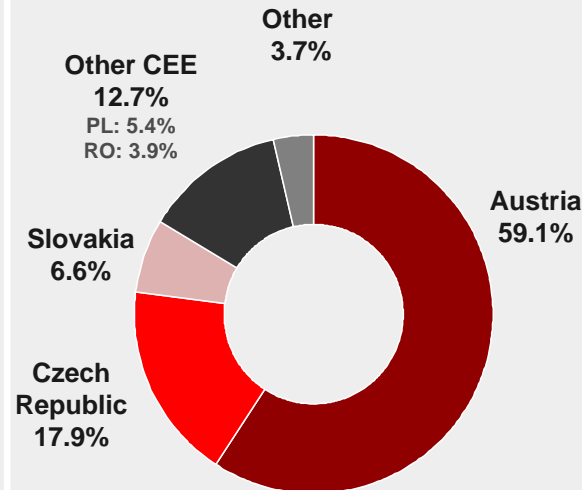
GWP by Geography 9M 05

GWP by Geography 9M 06

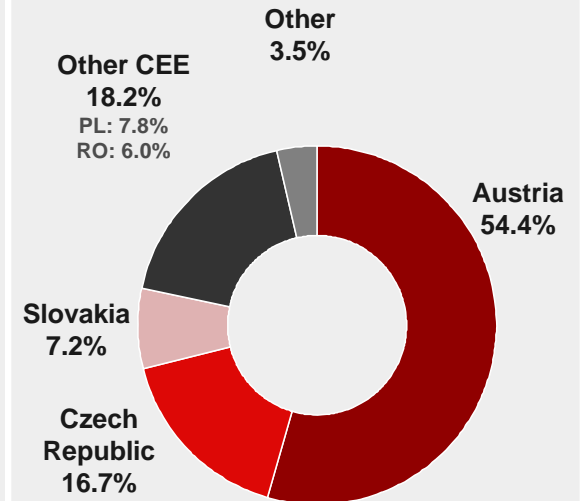
GWP by Geography 9M 07



9M 2005 Total: €3.8bn



9M 2006 Total: €4.3bn

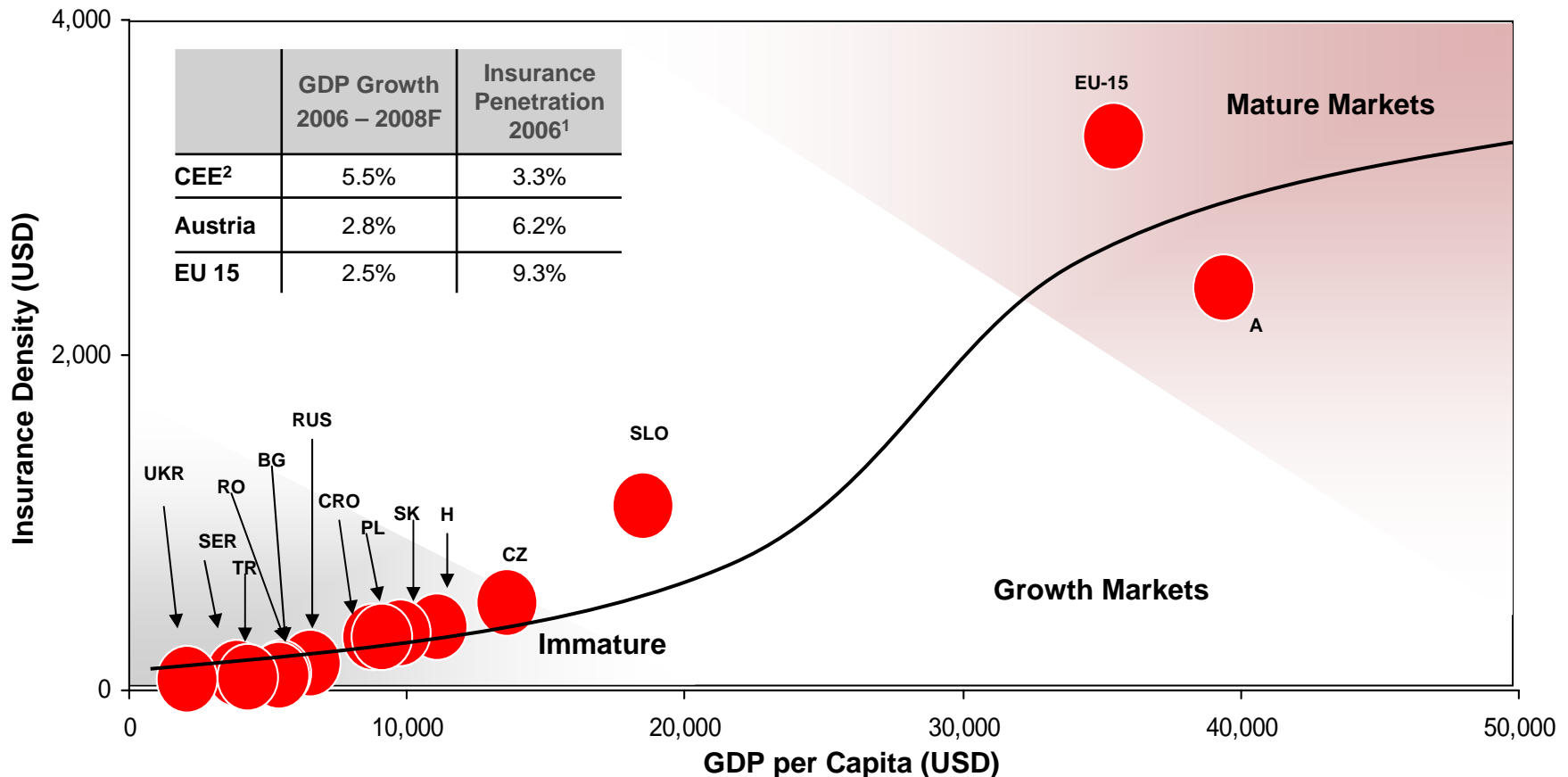


9M 2007 Total: €5.0bn

- **Other CEE (incl. Poland and Romania) more than tripling to close to 20% of premium share**
- **Czech Republic and Slovakia stable**
- **Substantially better diversification attained in 2 years only**

CEE Region Offers Twin Growth

Sustainable growth through GDP and insurance penetration



¹ Premiums in % of GDP.

² Weighted average for CEE. CEE is defined as Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine.

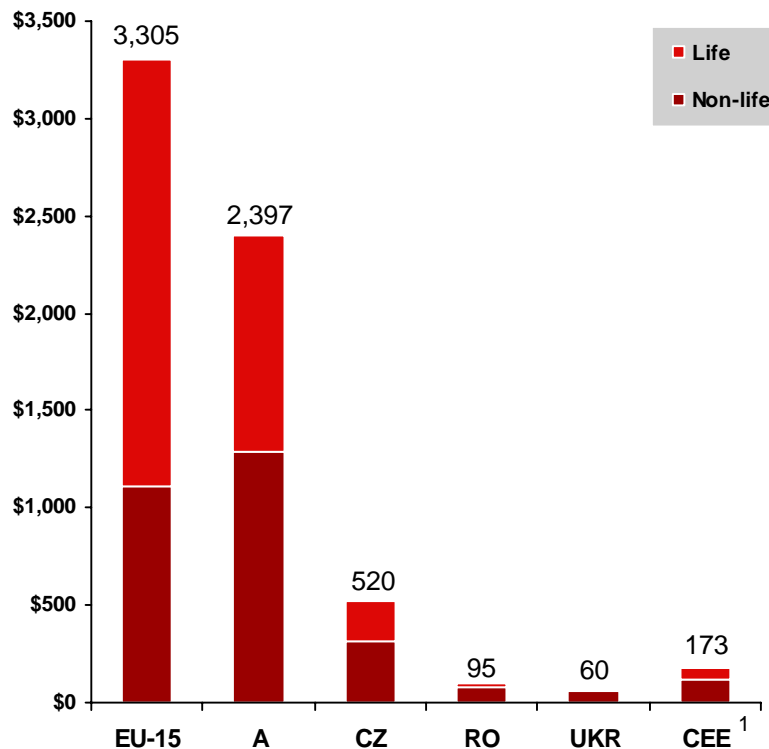
Source: For GDP Growth IMF(World Economic Outlook as of 2007). For all other data Swiss Re Sigma Nr. 4/2007 (July 2007)

VIG Markets – Underpenetrated in Insurance

Insurance density, 2006 (Premiums per Capita)

9

Insurance Density 2006



Source: SwissRe Sigma Nr. 4/2007

1: Weighted average, CEE is defined as Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey and Ukraine.

Example: Romania

- Market volume Romania
YE 2006: USD 2.0bn
- Assuming that Romania will reach density level of Czech Republic in 2006 this implies a premium volume of more than USD 11bn
- A market share of about 30% implies GWP of more than USD 3bn for VIG in Romania
- Romanian ministry of finance estimates a premium volume of EUR 10bn for 2015

CEE – A Long-term Growth Perspective

Markets need at least 20 years to catch up with the Austrian level of 2000

10

Austrian Insurance market				
Year	Premium income (EUR bn)	Insurance penetration (%)	Density (EUR)	GDP/Capita (EUR)
1967	0.59	2.8%	79	2,813
1977	2.19	3.7%	289	7,883
1982	3.44	4.1%	454	11,140
2000	11.68	5.7%	1,440	25,486

CEE Insurance markets in 2006			
	Insurance penetration (%)	Density (EUR)	GDP/Capita (EUR)
Serbia	1.8%	61	3,267
Romania	1.7%	75	4,504
Bulgaria	2.6%	80	3,260
Poland	3.3%	245	7,780
Croatia	3.5%	247	7,123
Slovakia	3.4%	268	8,156
Hungary	3.4%	299	8,847
Czech Republic	3.8%	414	10,977

Group 1

Group 2

Assuming that group 1 catches up within 10 years to group 2 the CAGR for this periods is >13 %

Assuming that group 2 catches up within 5 years to Czech Rep. the CAGR for this periods is >10 %

Acquisition Process

Criteria

- Sound risk assessment of target company
- What does the company add to help us grab the lion's share of future growth
- Appraisal of management skills

Principles

- Leveraging of local brand names in the context of multi-brand approach combined with shared services concept for back office
- Strong local management with in-depth market experience and full discretionary power
- Backed by Group and supervision (re-insurance, actuarial, asset management)
- Long-term goal to reach CZ and SK ROE levels

Acquisition of Ukrainian UIG*

TBIH
(60% owned by VIG)

62 %

UIG

- listed Non-life and Life insurance company with expected premium volume of ~\$ 40mn in 2007
- 50 branches, 20 regional points of sale, 460 employees

VIG market position

- VIG had a market share of 1.2% in Q2 2007 and is ranking no 2 in motor insurance
- VIG's premium volume in Ukraine amounting to ~€ 17mn by 9M 2007

*subject to approval of authorities

Management Approach

Excellent track record in integrating CEE subsidiaries into VIG

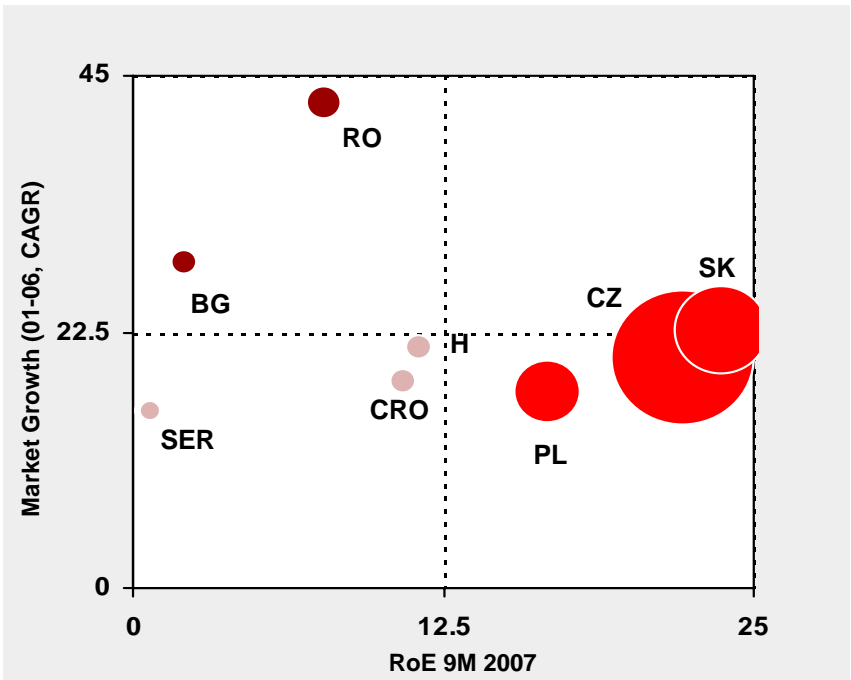
12

Management Approach

- Local incumbent management is responsible for sales and profitability - usually one board member delegated from Austria
- Each board member of VIG parent has responsibility for CEE countries
- Hands-on approach of VIG board members with subsidiaries to build know-how and for quick decisions
- Long-term focus on retail customers
- Capital
 - available capital concentrated at parent level
 - allocation to Group companies according to their needs to fund organic growth
- 2-4 years to reach break-even, accelerated growth of profitability thereafter

Track Record

- CEE already contributes 40 percent of premium income and more than 30 percent of Group profits



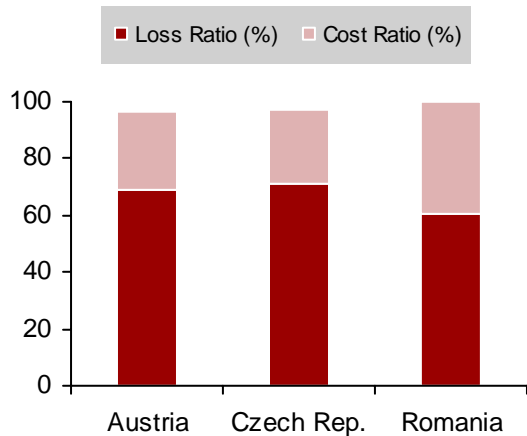
Source: SwissRE Sigma 04/2007, company data

Profit Drivers in CEE

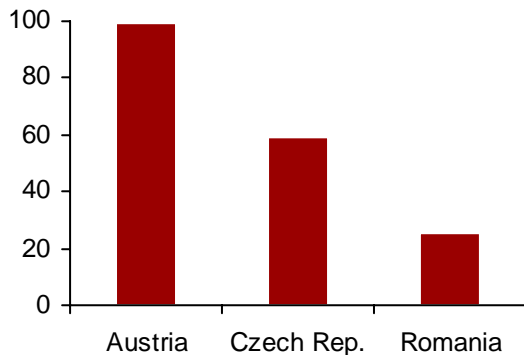
Creating value from cost ratio, investment income and reinsurance

13

Earnings Potential



Claims reserves in % of NEP (%)



Comments

- **Decrease in cost ratio**
 - economies of scale in less advanced markets
 - cost reduction programmes in advanced markets
 - shared services
- **Investment income from reserves**
 - long-term building up of reserves
 - long tail products gaining weight (GTPL)
 - going forward life business will create major reserves
- **Reinsurance**
 - increasing risk bearing capacity of growing Group companies
 - creation of Group wide reinsurance cover packages (e.g. NatCat)

VIG – Distribution Is Key (I)

Multi-brand policy to retain loyalty

14

Multi-brand

VIENNA 
INSURANCE GROUP

WIENER 
STÄDTISCHE
VIENNA INSURANCE GROUP


VIENNA INSURANCE GROUP

Bank  Austria
Creditanstalt Versicherung
VIENNA INSURANCE GROUP

Kooperativa 
VIENNA INSURANCE GROUP

Kooperativa 
VIENNA INSURANCE GROUP

UNION
BIZTOSÍTÓ
VIENNA INSURANCE GROUP

ROYAL Polska 
VIENNA INSURANCE GROUP

OMNIASIG
VIENNA INSURANCE GROUP

Features

- VIG is umbrella brand and “family name” of Group companies
- Local companies retain individual brands as “first name”
- Strong brand awareness in local markets
- Retain loyalty of employees and management, customers, affinity groups and distribution networks with well established local brands
- Sales are local responsibility
- Multi-brand also strongly supports multi-channel distribution

Multi-brand & multi-channel differentiate VIG from most of its competitors

VIG – Distribution Is Key (II)

Multi-channel strategy to get access to customers

15

Strong Multi-channel distribution



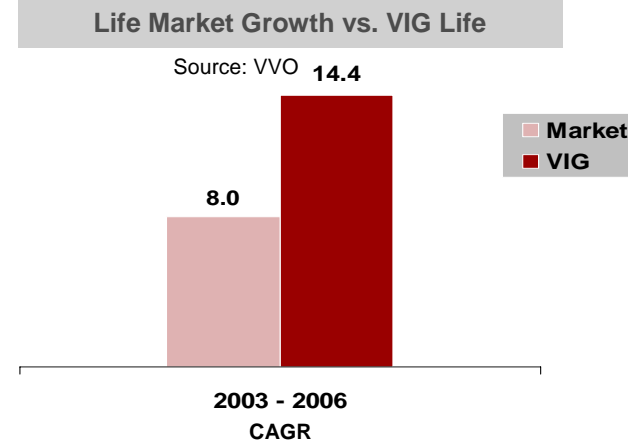
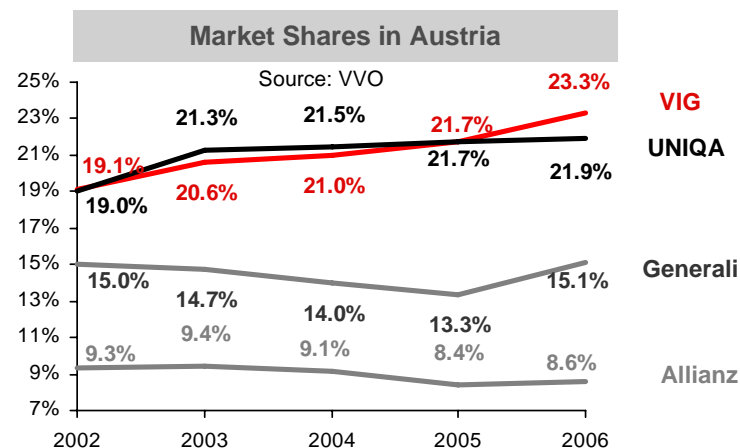
Details

- Tied agents (employed sales force and/or exclusive agents) are backbone in all markets
- Extensive use of brokers, bank cooperations, multilevel and direct distribution
- The Group builds on existing distribution networks of acquired companies in CEE pursuing a clear bottom-up strategy
- Building powerful distribution channels is one of the key success factors for CEE expansion
- Distribution differs according to market conditions

Situation in Austria

- Leading market position in all business lines
 - #1 in property & casualty with 21% market share
 - #1 in life with 23% market share
 - #2 in health with 21% market share
- Overall market share gains through organic growth
- Strong growth potential in life: Austria lags behind EU-15 in premium per capita
- Ongoing reforms of social security system to generate strong demand for life savings and pension products
- Austrian business is very profitable and WST AG has been outperforming market in C/R for years

Details



Financial Targets

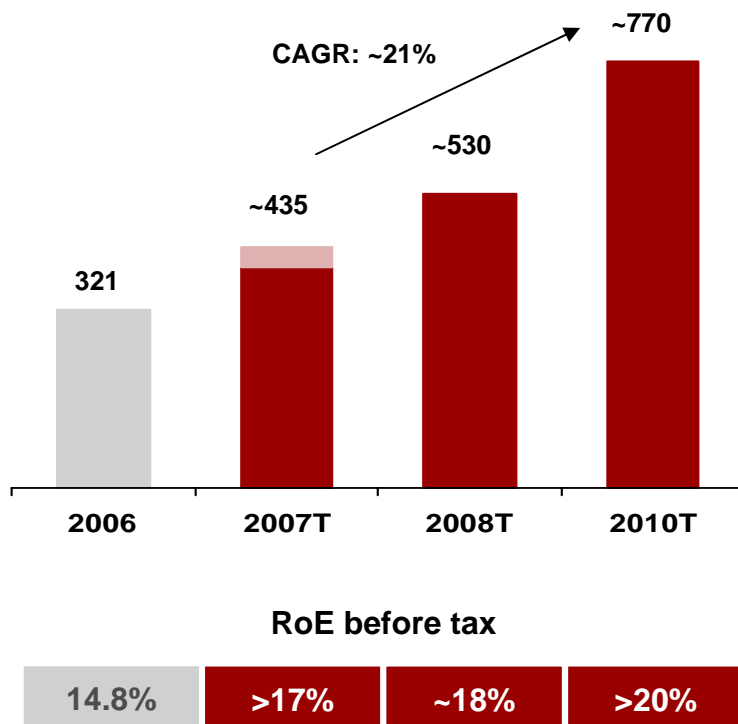
Ambitious Group targets for the period of 2007 - 2010

17

VIG's Financial Targets

Comments

Profit before tax targets in €mn



- 9M results allow to expect YE 2007 PBT of about € 435mn
- PBT target for 2008 set at ~€ 530mn
- For the first time VIG sets PBT target for 2010 of ~€ 770mn, implying a CAGR of 21%
- VIG expects to score ~€ 10bn in GWP by 2010
- For the business year 2007 management will propose a dividend of € 1.1 per share, i.e. an increase of 34% as compared to the previous year
- It is company philosophy to keep the Combined Ratio well below 100% throughout the business cycles
- VIG dividend policy is defined as a payout ratio of min. 30% of Group net profit

VIG Outperforming Promises

Progress in VIG's strategic and operative position

18

Undertaking two years ago

- Strengthening of leading position in Austria
- Expansion of CEE business through acquisitions and organic growth
 - Benefit from twin growth drivers of GDP and insurance (penetration/density)
- Increase of profitability
- Improve geographical diversification

Position today

- Increased market share in Austria by more than 2% pts – VIG clearly no. 1
- CEE premium volume doubled
- Ongoing expansion
- Among top 5 insurers in nearly all core markets, top 3 position reached in 5 core markets
- EPS boosted despite SPO
- Share of Other CEE markets (incl. PL & RO) has overtaken Czech Republic and Slovakia



Vienna Insurance Group- 9M 2007 results

Highlights

9M 2007 Highlights (I)

CEE business expanding at fast pace

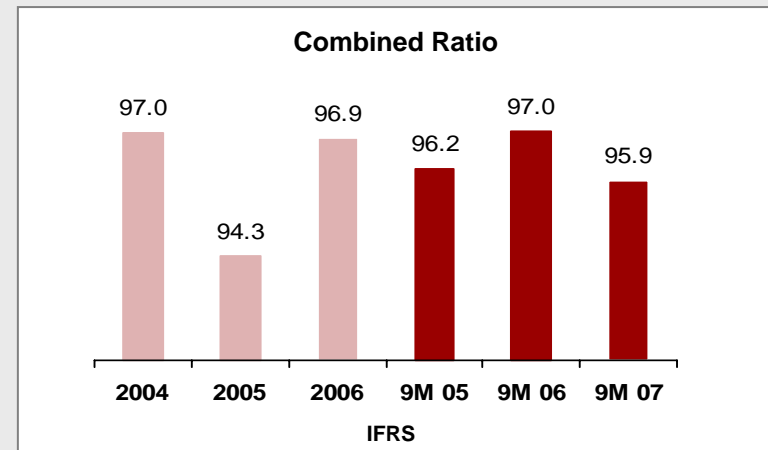
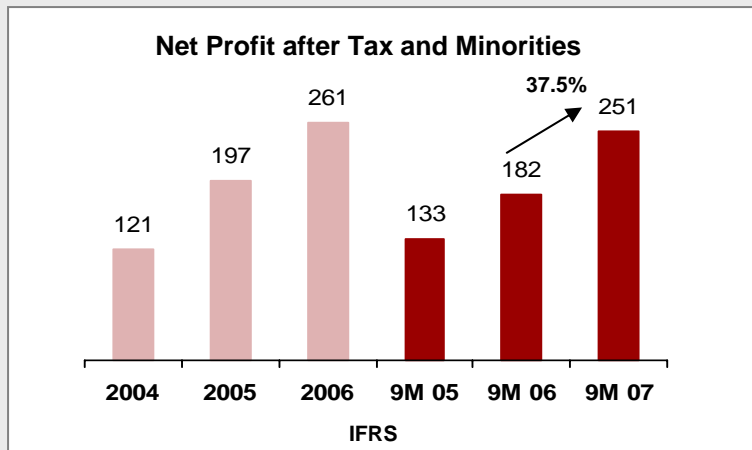
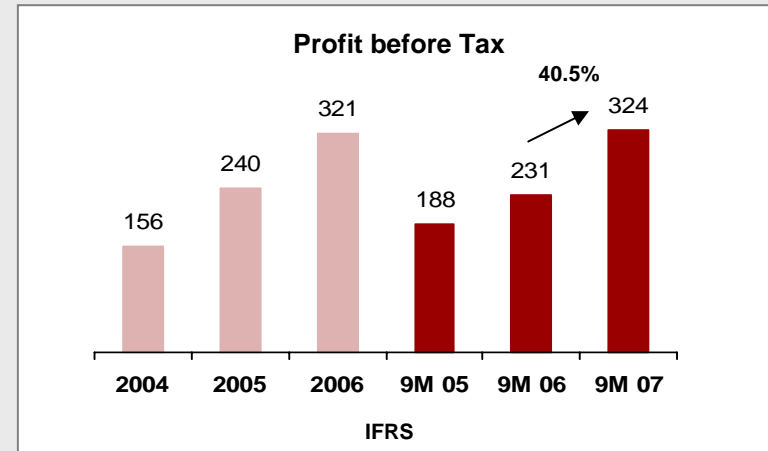
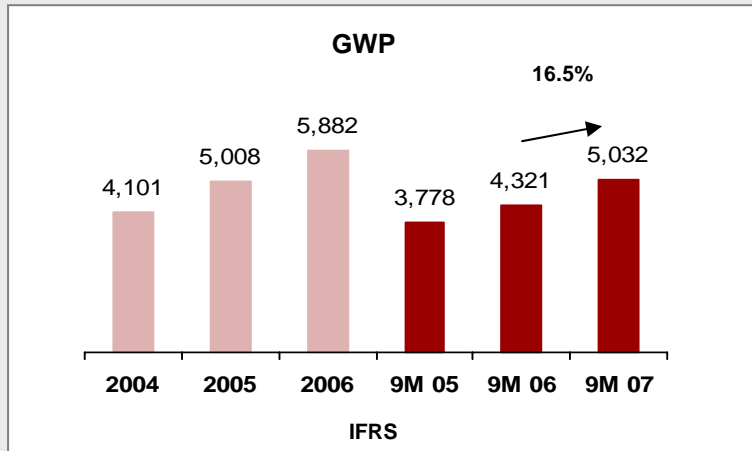
20

- Continued organic growth in all major markets – increase of market shares
- CEE premium share in non-life at 55%
- Total CEE business already at 42% of Group premiums
- Poland and Romania new business segments due to dynamic growth
- PBT for 9M 07 already passed FY 06 result
- Planned dividend increase to EUR 1.1

New targets set for period until 2010

9M 2007 Highlights (II)

GWP growing faster than in first half year; C/R below 96%

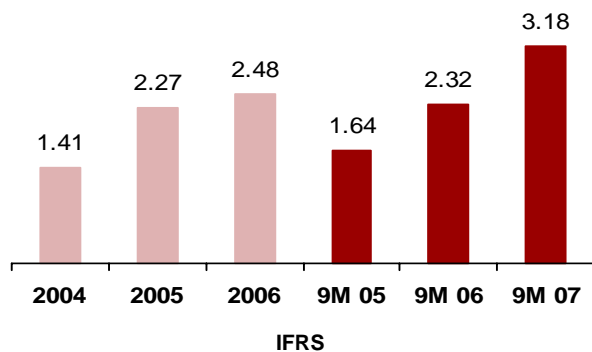


9M 2007 Highlights (III)

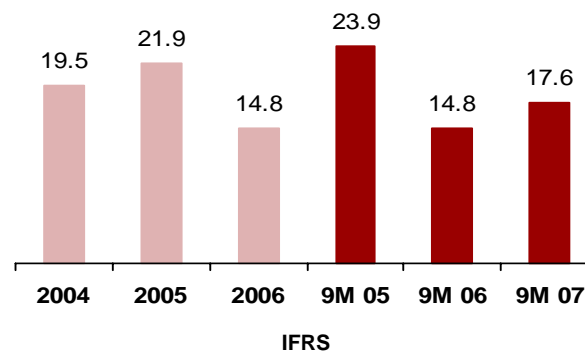
Record EPS; ROE climbing fast towards 18%

22

EPS (annualised)



ROE before Tax



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Reuters:	WISV.VI
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