



**V.I.G. – Well Prepared for the Next Uptake**

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Deutsche Bank – German & Austria Corporate Conference,  
Frankfurt - 24 June 2009

**A**

**Investment proposition**

**B**

**Growth potential in CEE and Austria**

**C**

**Achievements**

**D**

**Diversification**

**E**

**3M 2009 results – highlights and dividend**

# Investment Proposition at a Glance

V.I.G. set two strategic milestones

A 3

Milestone 1

## § V.I.G. - Pioneer in CEE; start of expansion in 1990

- “Big fish in a small pond”
- Going east immediately after the fall of the iron curtain due to potential of emerging markets and geographic proximity

Story

## § V.I.G. - Progressing on the path of growth

- Successful track record of exploiting growth potentials
- Continuous expansion of its business areas and geographic regions
- 13.2% market share in CEE<sup>1</sup> – clear no. 1 of international insurers

Milestone 2

## § V.I.G. - Extending distribution power

- Acquisition of s Versicherung Group
- Long-term distribution agreement with Erste Group

## Footprint



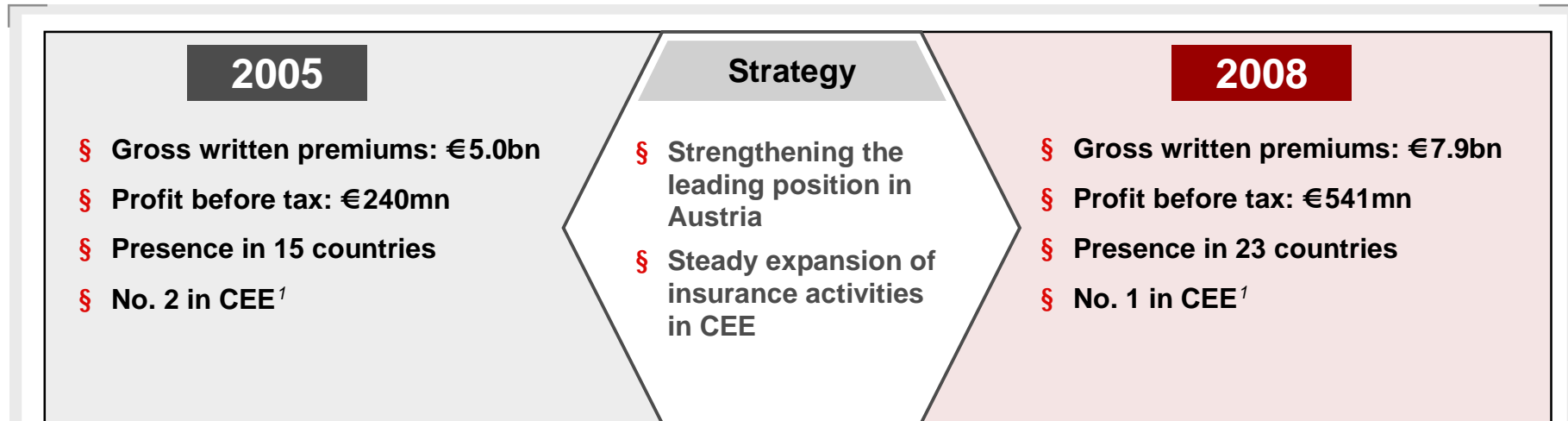
● Core Markets

CEE share ~50% of premiums

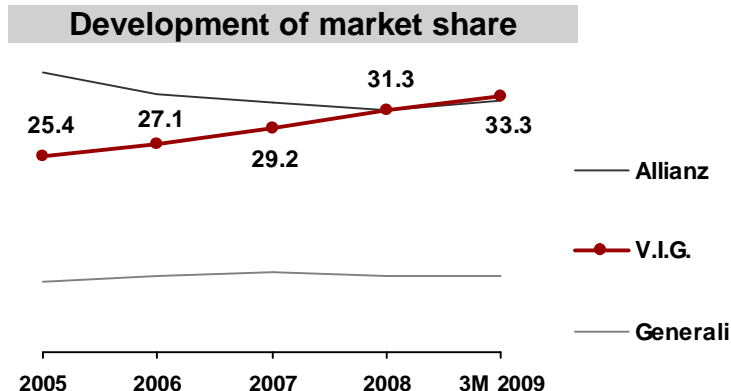
1: CEE is defined as: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia and Slovakia

# V.I.G. – Leading Insurer in CEE (I)

Market strategy proves effective



## Taking on the Leadership in the Slovakian Insurance Market



- § V.I.G. achieved leadership in motor insurance in 2007
- § Excellent development in life insurance and cooperation with Erste Group boosted market share significantly
- § V.I.G. now new number 1 in Slovakian insurance market

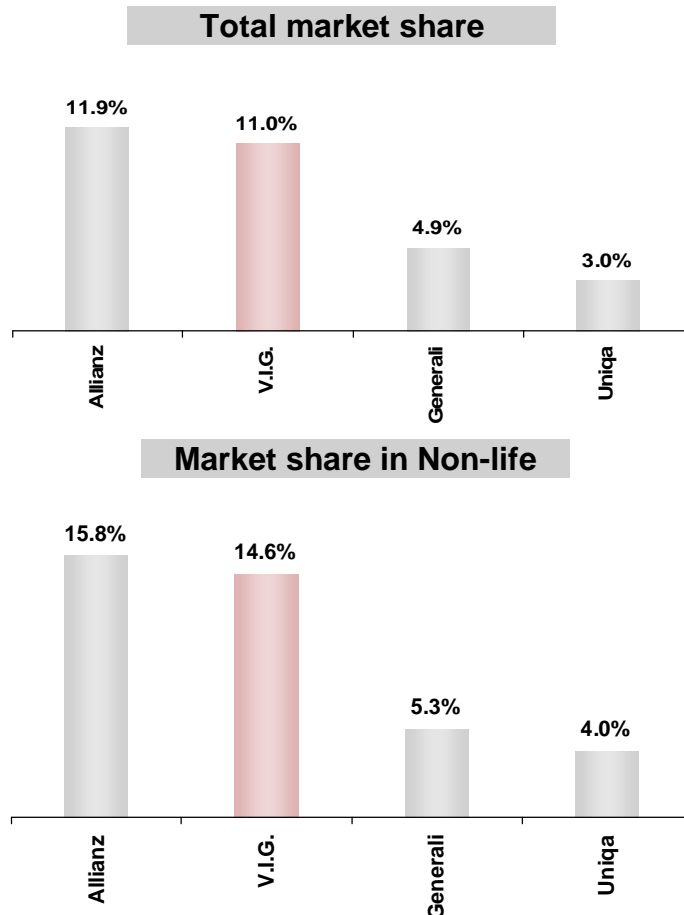
**V.I.G. ranks now first in Austria, Bulgaria, Romania and Slovakia**

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

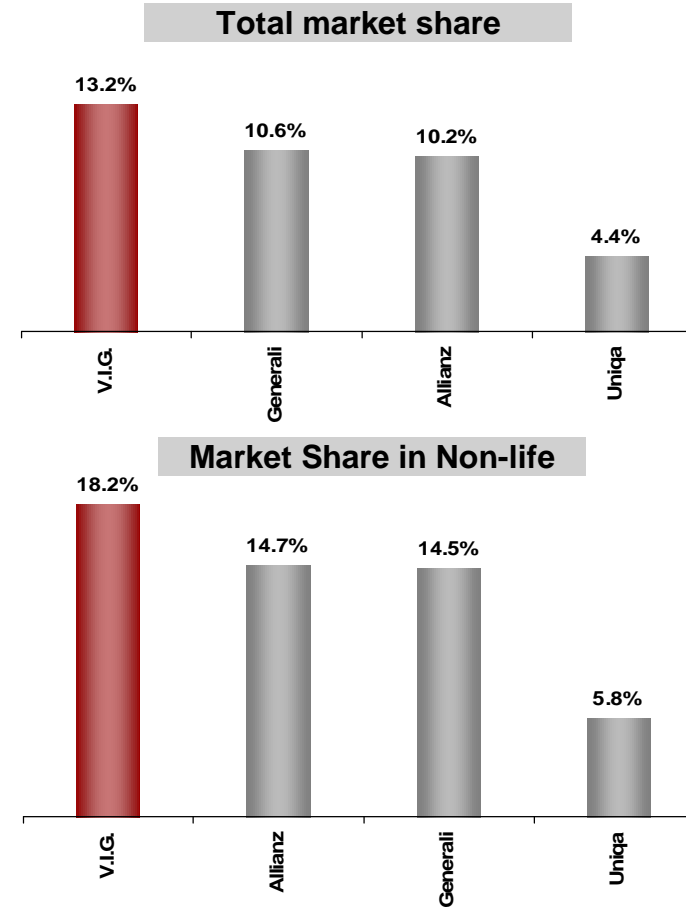
# V.I.G. – Leading Insurer in CEE (II)

Clear No. 1 in its core markets

## Market Share in CEE<sup>1</sup> as of YE 2005



## Market Share in CEE<sup>1</sup> as of YE 2008



Source: National insurance associations of the respective countries as of YE 2005 and YE 2008; 1 CEE is defined as: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Serbia

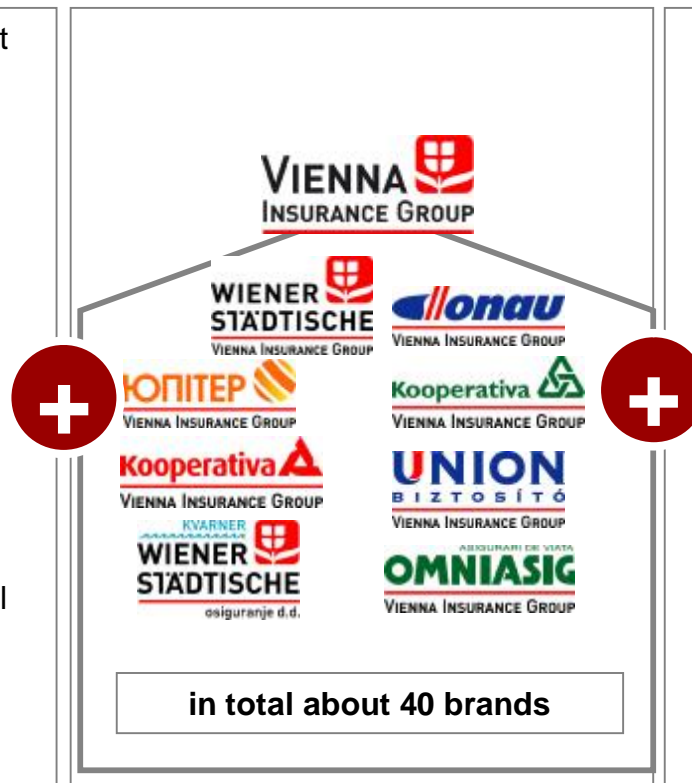
# V.I.G. Management Approach

Success in CEE is based on three cornerstones

## Steering Approach

- § Each board member of VIG parent has direct responsibility for CEE countries
- § V.I.G. board members closely involved in management of subsidiaries to build up know how and for quick decisions
- § Local incumbent management is responsible for sales and profitability - usually one board member delegated from Austria
- § Capital
  - available capital concentrated at parent level
  - allocation to Group companies according to their needs to fund organic growth

## Multi-Brand



## Multi-Channel

	Tied agents	Banks	Brokers	Other
Austria	ü	ü	ü	ü
Czech Rep.	ü	ü	ü	ü
Slovakia	ü	ü	ü	ü
Romania	ü	ü	ü	ü
Croatia	ü	ü	ü	ü
Hungary	ü	ü	ü	ü
Serbia	ü	ü	ü	ü
Ukraine	ü	ü	ü	ü

These three cornerstones differentiate V.I.G. from most of its competitors

**A** Investment proposition

**B** Growth potential in CEE and Austria

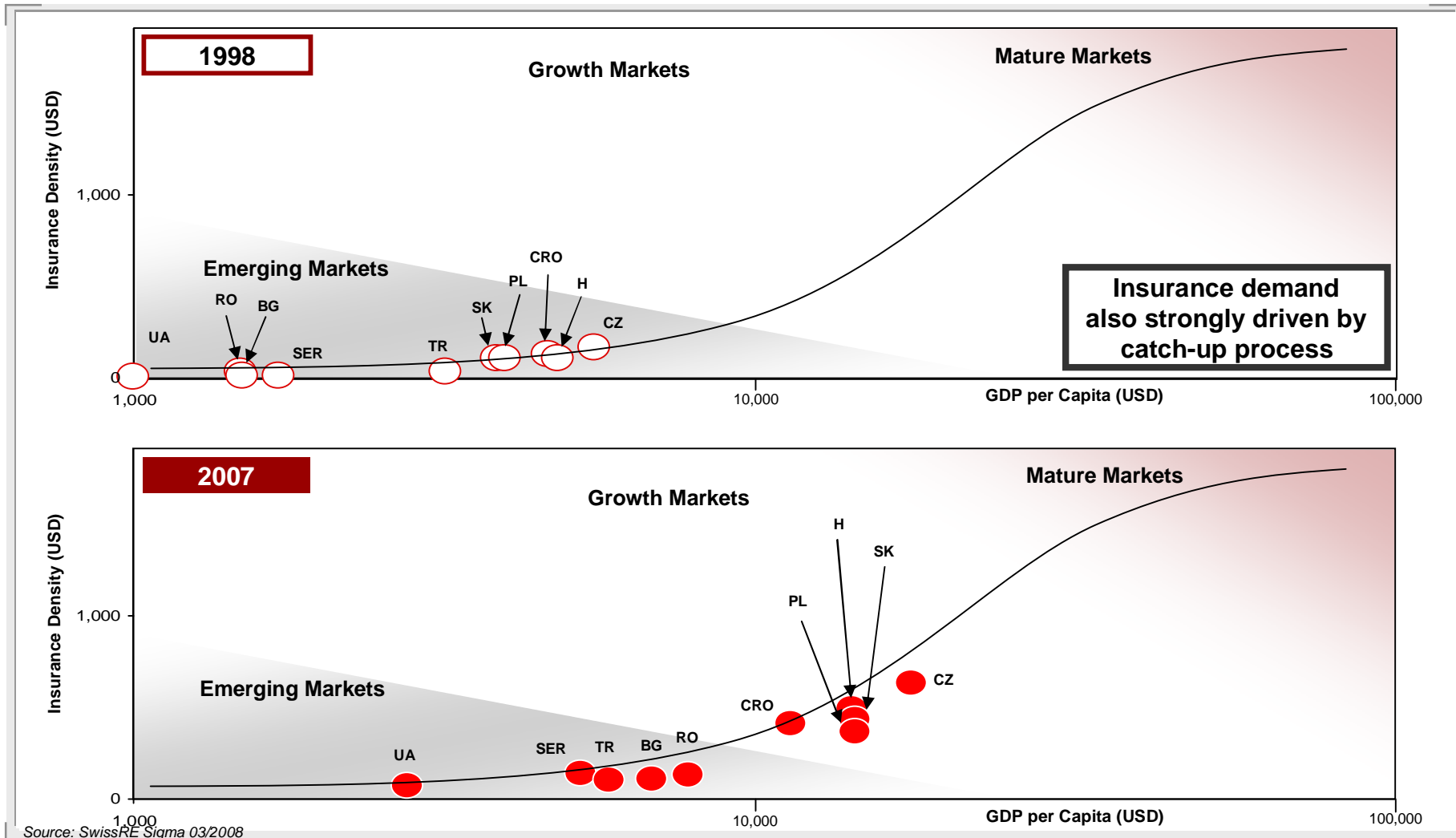
**C** Achievements

**D** Diversification

**E** 3M 2009 results – highlights and dividend

# V.I.G. Business Model Still in Place (I)

GDP growth and underpenetration are insurance drivers

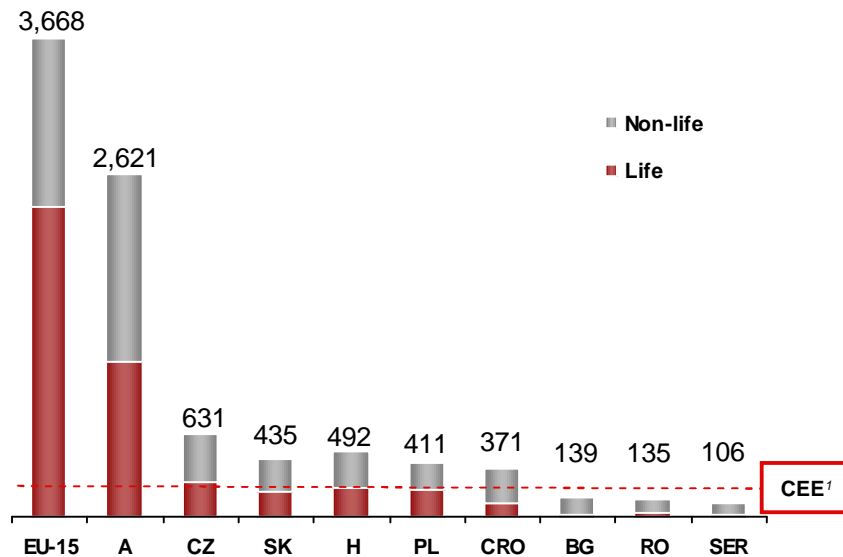




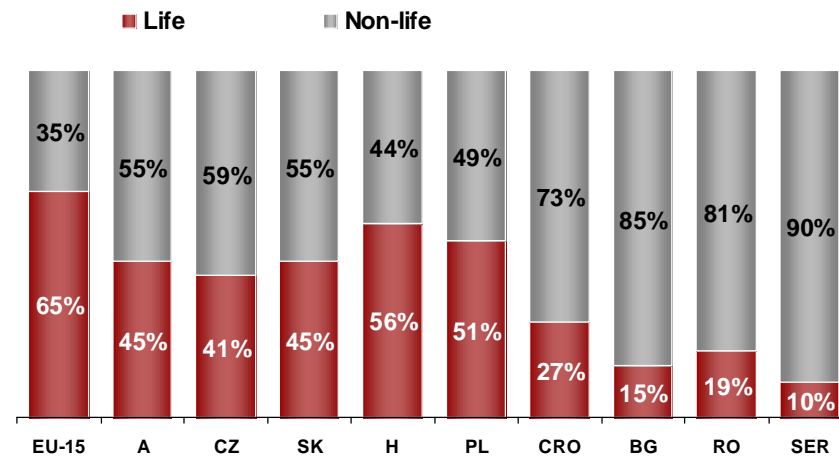
# V.I.G. Business Model Still in Place (II)

## Catch-up potential in CEE in Non-life and Life

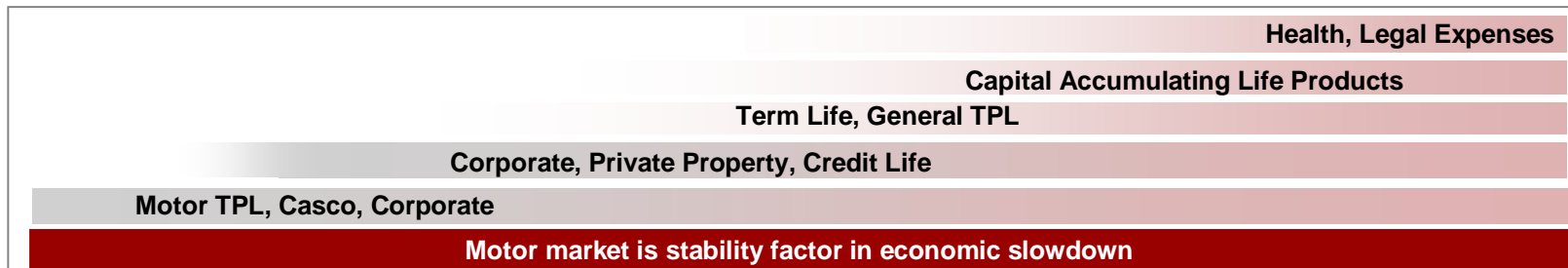
### Insurance Density 2007 (USD)



### Proportion of NL & L in CEE Markets



### Product Demand Timeline



1: weighted average of CZ, SK, H, PL, CRO, BG, RO, SER; Source: Swiss RE Sigma 03/2008

**A** Investment proposition

**B** Growth potential in CEE and Austria

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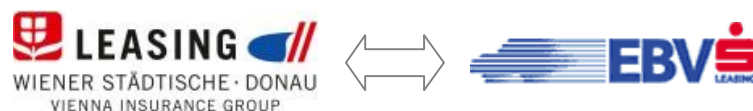
**E** 3M 2009 results – highlights and dividend

# Business Expansion (I)

## Cooperation with Erste Group

C 11

### Mutual Benefit is Key Success Factor for Cooperation

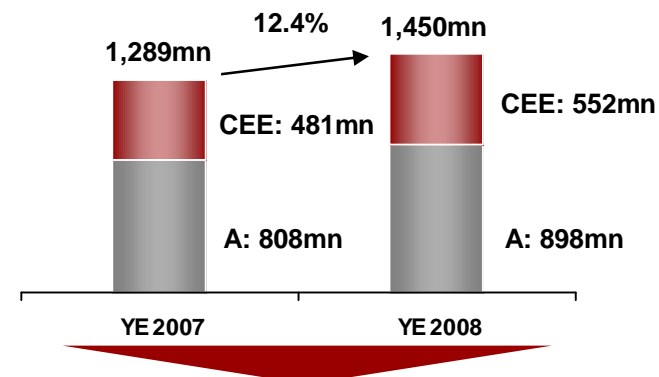


- § Mutual cooperation in leasing business with Erste Group in Austria, both Groups have a 50% stake in EBV Leasing
- § EBV Leasing has largest distribution network of the industry in Austria and is market leader in the banking and insurance distribution channel



- § Sale of 95% of Ringturm AM company to Erste Group; V.I.G. keeps 5% stake
- § Basis for broader cooperation in asset management
- § Erste Group offering specific know-how and distribution power

Total Premiums of s Versicherung Group (€mn)  
(unconsolidated, unaudited)



- § Integration of s Versicherung well advanced:
  - Product design
  - Asset management
  - Accounting
  - Controlling
  - Actuarial services
  - Risk management

# Business Expansion (II)

VIU – Group platform for multinational corporates

## Vienna International Underwriters



One global brand for corporate clients

Cost efficient Group network to increase local business

Tailor-made transnational solutions for corporate clients

One unique brand for multinational corporate clients to ensure best-practice approach and know how transfer among Group members

## Features

- § Increasing demand for insurance solutions for large corporate clients in CEE
- § Target group are top 250 corporate clients in CEE countries
- § Focus on property insurance

### Achievements:

- § VIU has acquired several international corporate clients

# Business Expansion (III)

## Upcoming demand for private health insurance in CEE

### Health Business in CEE

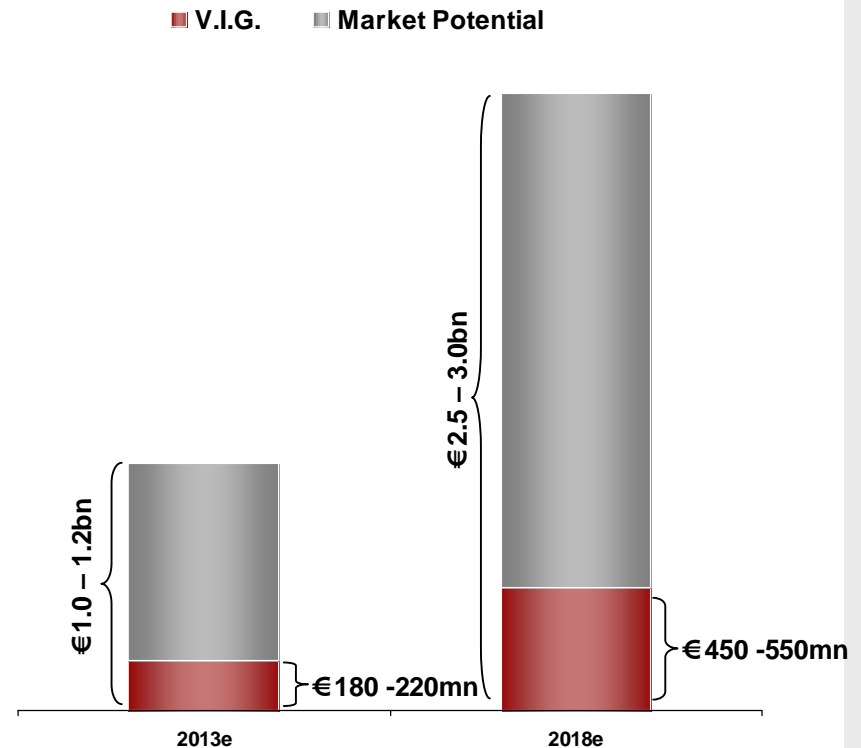
#### V.I.G. exploits further growth potential in CEE

- § Health business as new business line in CEE
- § CEE region underpenetrated in private health insurance business, increase in private health spending expected
- § V.I.G. premium potential of about € 180 – 220mn per annum estimated within the next 5 years

#### Achievements:

- § Start of health business in CEE as of Q1 2009
- § New products offered in CZ, SK, PL, HU and RO
- § 3M 2009: initial premium volume of approx. € 6mn leaves management confident to reach YE 2009e premium volume of about € 30mn

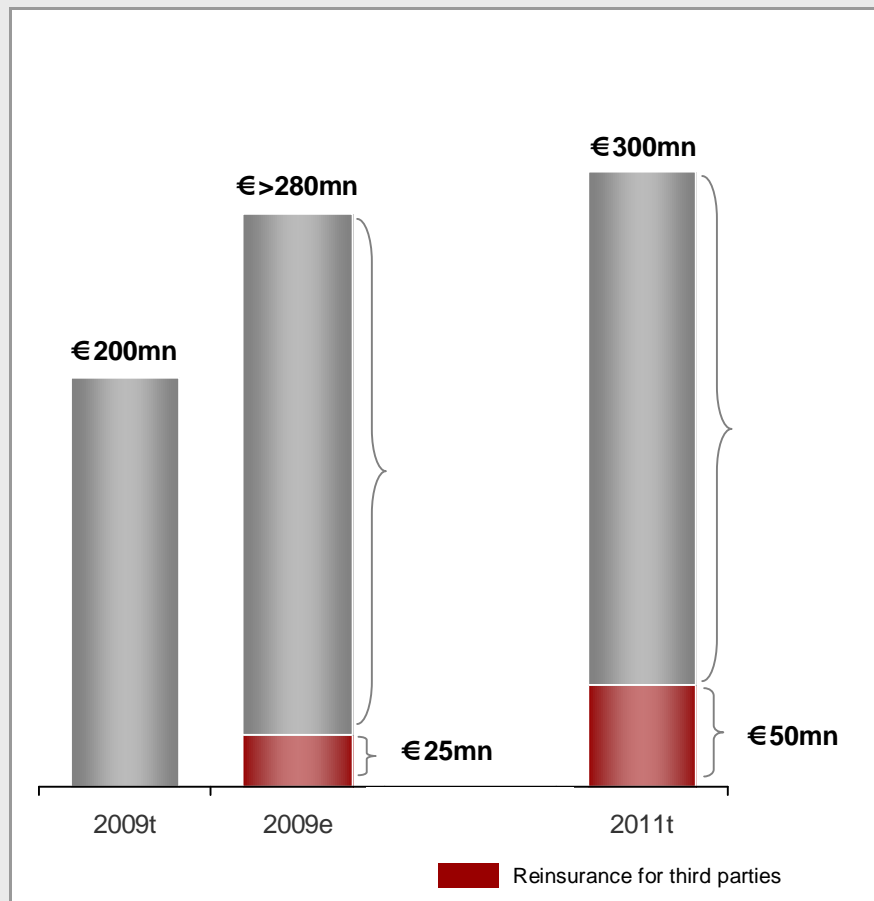
### Market Potential



# Business Expansion (IV)

Progressing ahead of business plan

## VIG RE – Development



Source: Company data

## Key Considerations

- § To leverage longstanding market knowledge and strong CEE footprint – incorporated in Czech Republic
- § Pooling of V.I.G. reinsurance volume in order to avoid inefficiencies
- § VIG RE covering only moderate insurance risks, e.g. no net exposure to natural disasters

### Achievements:

- § 3M 2009: promising start of VIG RE
  - Premiums written: € 60mn
  - Profit before tax: € 2.6mn
  - RoE-target for 2009 of 10% confirmed

# Reinforced Financial Performance

## Efficiency programme and capitalisation

### Cost Reduction Programme

- 1 Streamlining of regional head offices**  
Focus on reduction of administrative tasks
- 2 Bundling of operating and service departments**  
Focus on effective service centres
- 3 Strengthening of central administration**  
Improved commitment to service
- 4 Reduction of overall non-personnel costs**  
In particular in IT and office space
- 5 Accelerated implementation of shared services concept to backup multi-brand approach in CEE**

- § Cost savings target of at least € 100mn, to be reached by end of 2010
- § Accelerated efficiency programme in CEE
- § Includes companies in CEE (in particular PL, RO, SK) and Austria

### Capital Position

- § V.I.G. has issued, within the scope of the existing € 500mn hybrid bonds programme of May 2008, a second tranche with a volume of € 250mn at the same terms in April 2009
- § Excellent capital position further improved: solvency ratio comfortably above 180% on IFRS basis

**V.I.G. develops new risk based internal capital model according to Solvency II**

**A** Investment proposition

**B** Growth potential in CEE and Austria

**C** Achievements

**D** Diversification

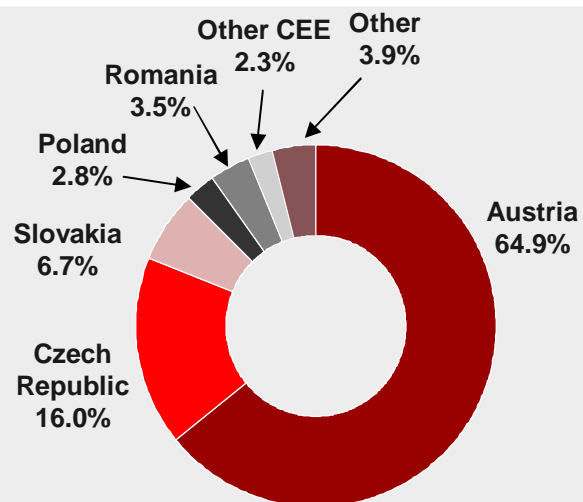
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# Diversification (I)

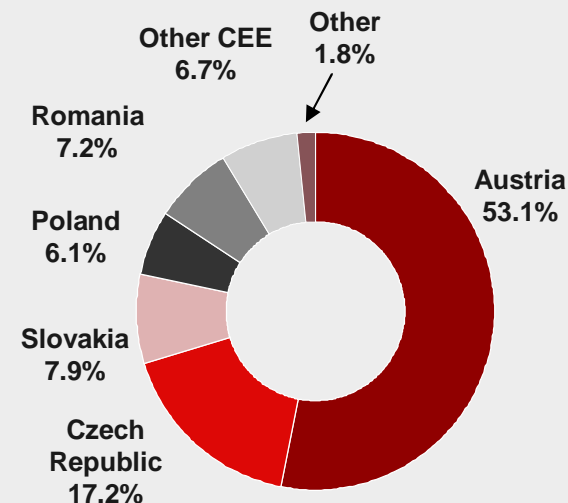
Basis of business origination substantially widened

### GWP by Geography 3M 06



**3M 2006 Total: €1.8bn**

### GWP by Geography 3M 09



**3M 2009 Total: €2.3bn**

- § V.I.G. has achieved a more geographically diversified premium origination within a relatively short period
- § Non-life business (60%) still dominates portfolio

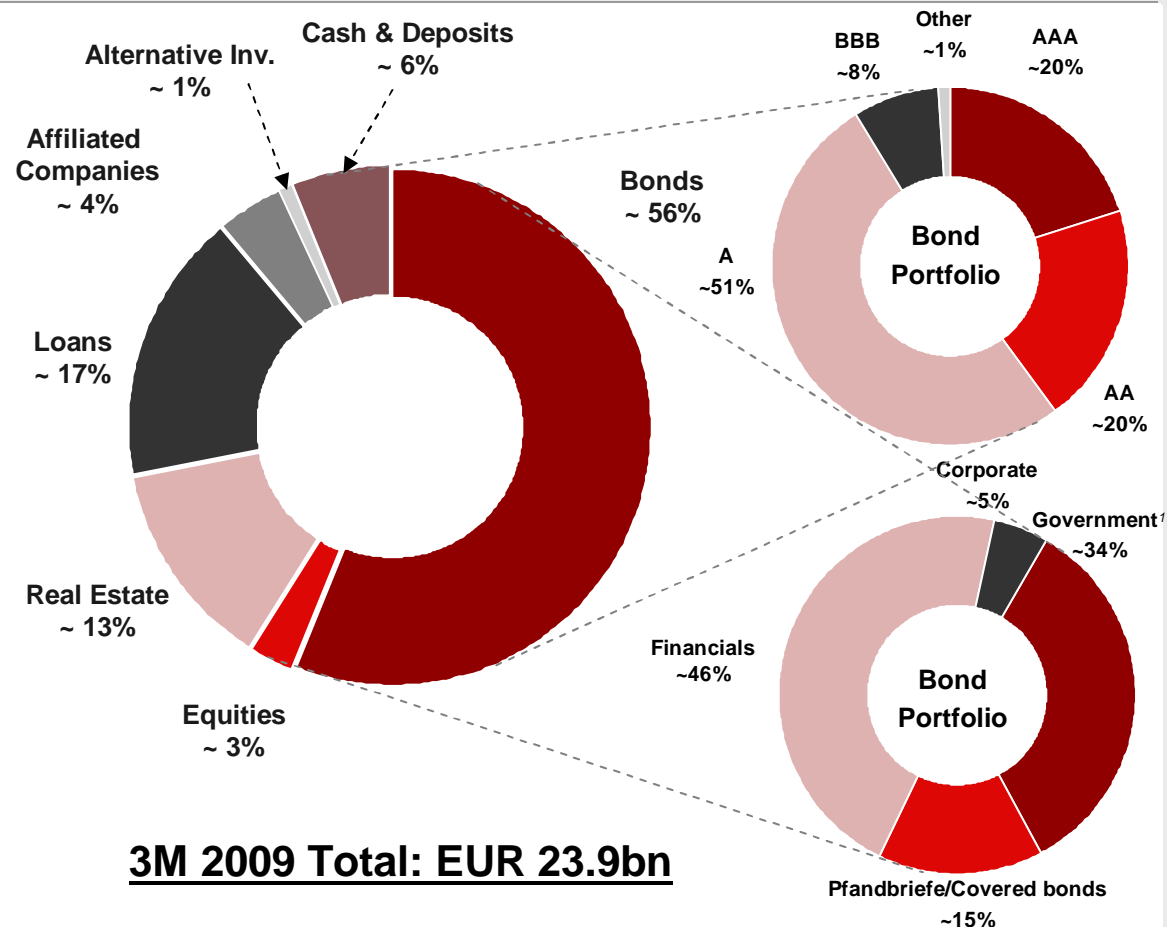
# Diversification (II)

3M 2009 investment split – V.I.G. follows a prudent risk policy

## Investment policy

- § More than 50% of real estate with regulated Austrian housing societies; remainder also largely in Austria and property used by VIG itself
- § Investments mainly denominated in EUR; CEE premiums invested in local currencies, thus natural hedge
- § Share of CEE investments is € 4.9bn, largely in CZ and SK

## Portfolio Overview



1: Government and government guaranteed

**A** Investment proposition

**B** Growth potential in CEE and Austria

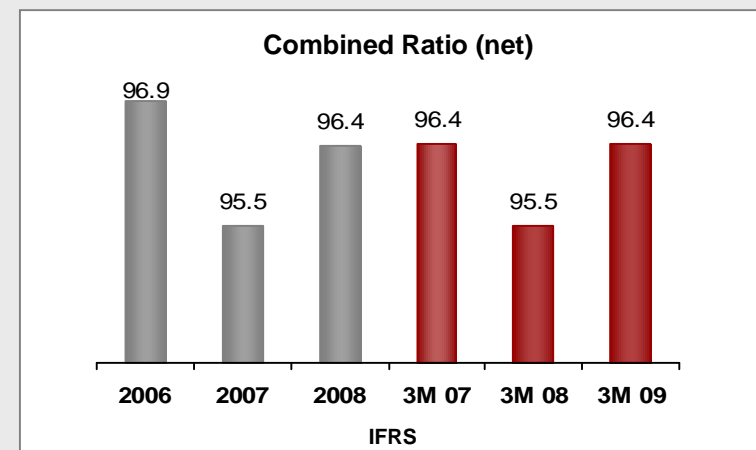
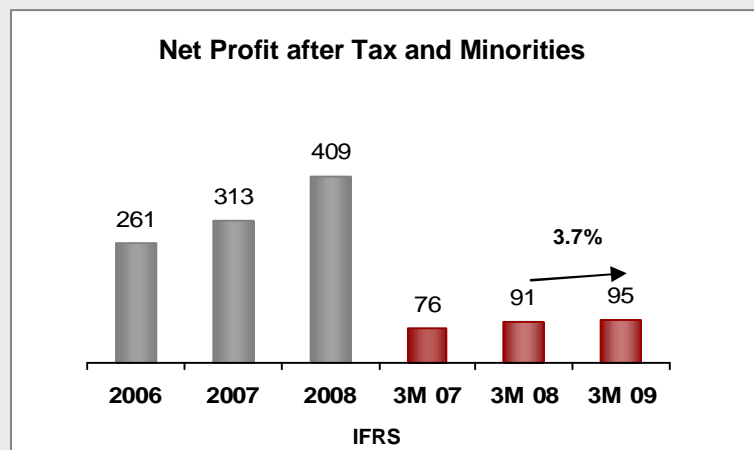
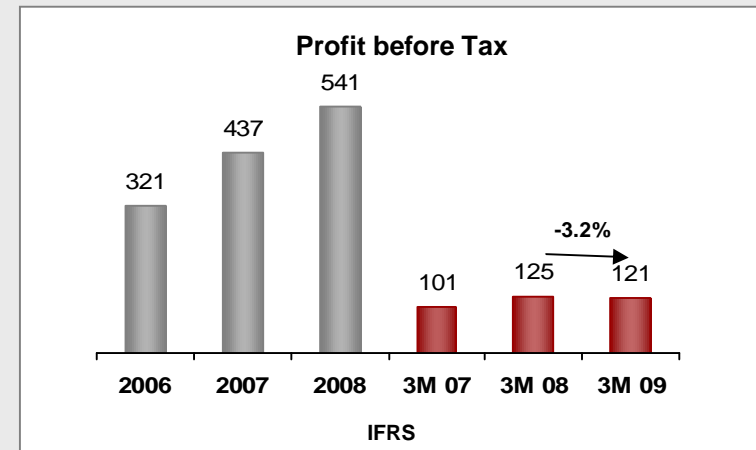
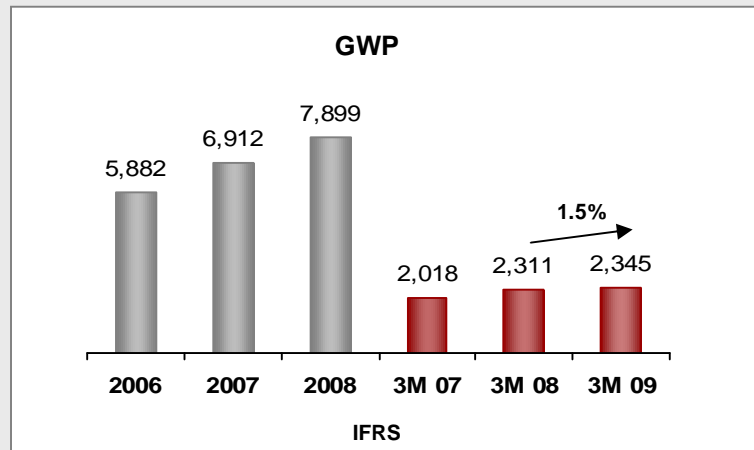
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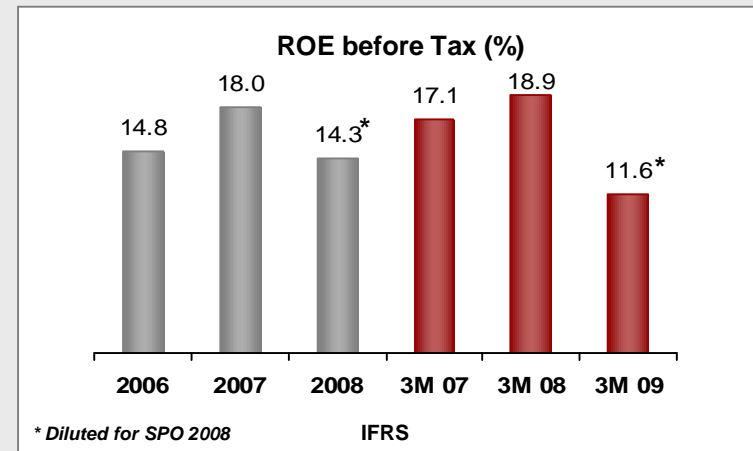
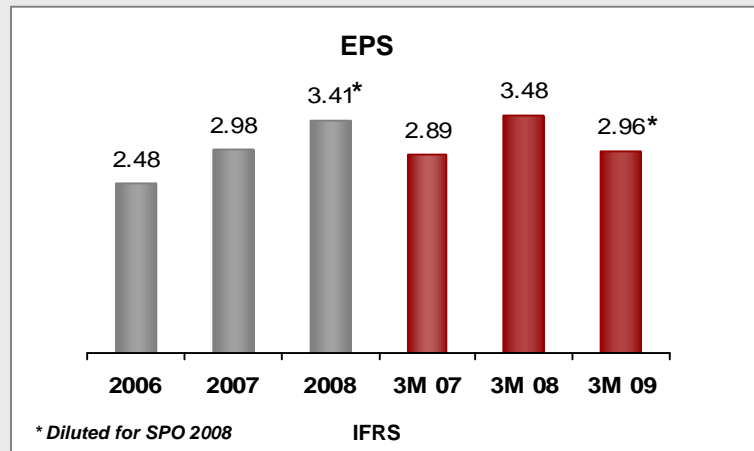
**E** 3M 2009 results – highlights and dividend

# 3M 2009 Financial Highlights (I)

V.I.G. producing steady results



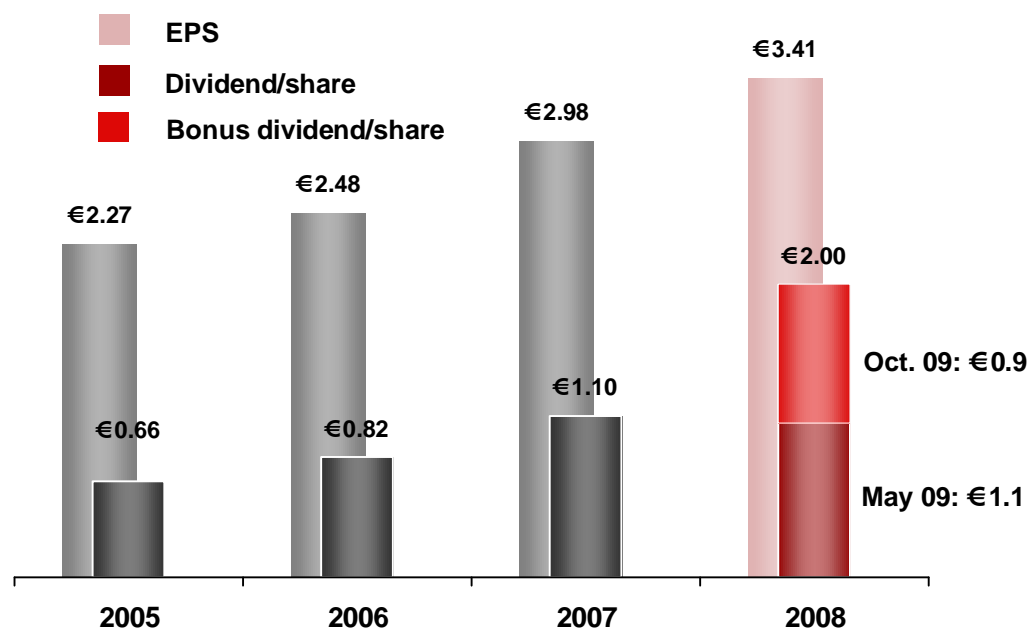
# 3M 2009 Financial Highlights (II)



# Dividend/Outlook

Attractive bonus dividend almost doubles original plan

## Development of Dividend



- § Basis dividend for 2008 kept stable at € 1.1 per share
- § Bonus dividend of 90 Cents per share as a reward for loyal shareholders and those joining V.I.G. in difficult times
- § Total dividend of € 2.0 providing attractive return for shareholders

## Outlook

§ Persistently shaky situation of capital markets and question marks behind world economic trends do not allow for firm establishment of targets for 2009 and medium term

§ V.I.G. still expects premium growth despite adverse currency effects

- It is company philosophy to keep the combined ratio well below 100% throughout the business cycle
- V.I.G. targets a payout ratio of min. 30% of Group net profit

# V.I.G. Share & Contact Details

## V.I.G. Share

§ **Number of common shares**

128mn

§ **ISIN**

AT0000908504

§ **Stock exchange listing**

Vienna – Initial listing 17.Oct. 1994

Prague – Initial listing 5. Feb. 2008

§ **Ticker symbol**

VIG

§ **Bloomberg**

VIG AV / VIG CP

§ **Reuters**

VIGR.VI / VIGR.PR

## Investor Relations

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