



**V.I.G.**

**Building its Market Position and Financial Strength**

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CA Cheuvreux Financials Conference, London - 2 December 2009

**A** Investment proposition

**B** Growth potential in CEE and Austria

**C** Recent developments

**D** 9M 2009 results – highlights

# Investment Proposition at a Glance

V.I.G. set two strategic milestones

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

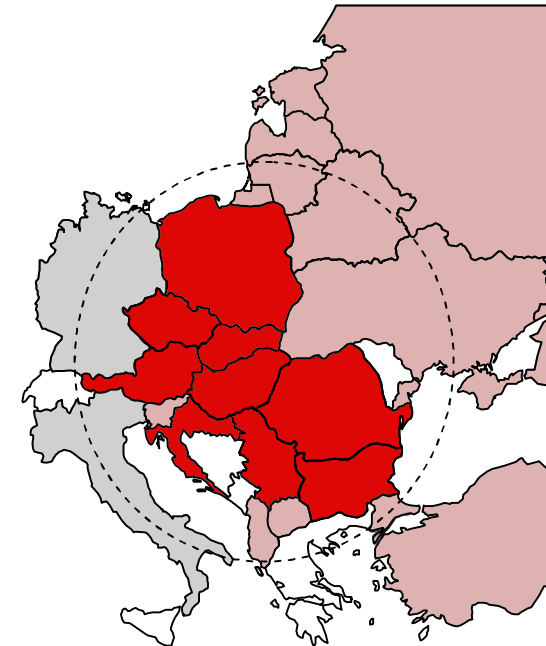
- Successful track record of exploiting growth potentials
- Continuous expansion of its business areas and geographic regions
- 15.3% market share in CEE<sup>1</sup> – clear no. 1 of international insurers

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

Market strategy proves effective

2005

2008

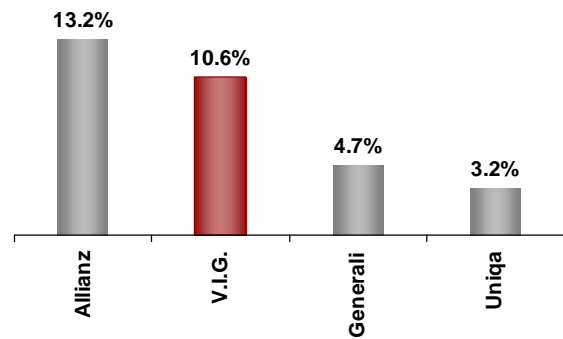
- § Gross written premiums: €5.0bn
- § Profit before tax: €240mn
- § Presence in 15 countries
- § No. 2 in CEE<sup>1</sup>

- § Gross written premiums: €7.9bn
- § Profit before tax: €541mn
- § Presence in 23 countries
- § No. 1 in CEE<sup>1</sup>

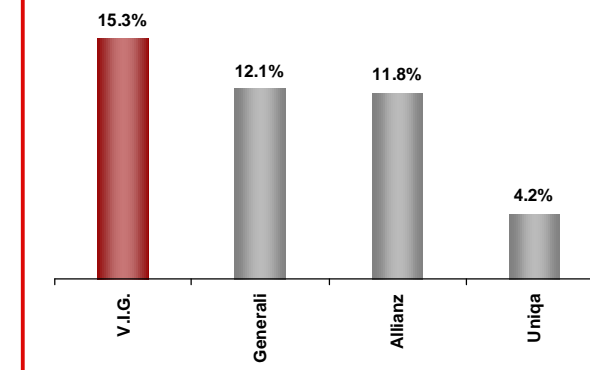
### Strategy

- § Strengthening the leading position in Austria
- § Steady expansion of insurance activities in CEE

Total market share



Total market share



1: CEE is defined as: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania Serbia and Slovakia, 2: National insurance associations of the respective countries as of 6M 2006 and 6M 2009

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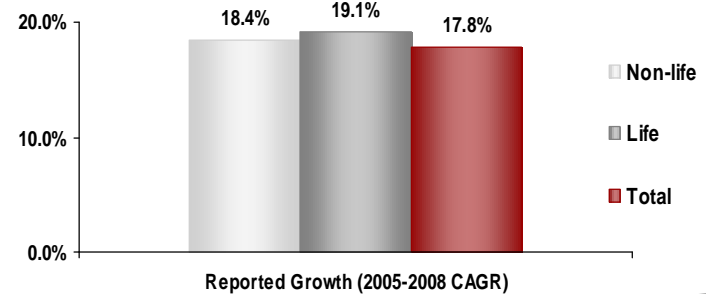
# V.I.G.'s Path of Growth



CEE markets still growing

2005-2008

- § Reported Group growth rates (2005 – 2008 CAGR) showed strong double-digit development
- § About two thirds of growth rates were organic



9M 2009

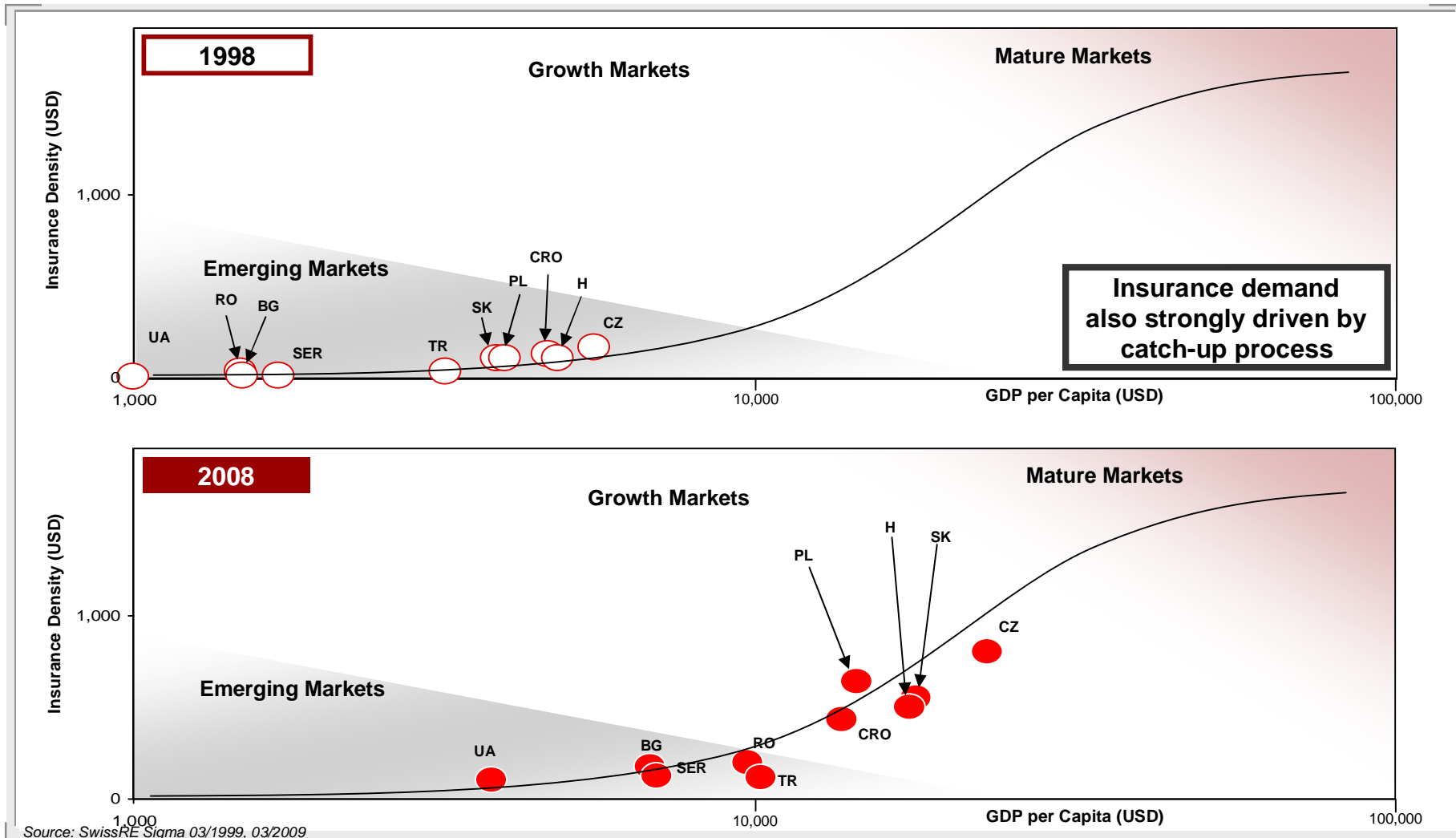
- § Extraordinary economic situation led to weak CEE currency rates
- § RO: restructuring of portfolio; market shaper position of V.I.G. allows for significant increase of its tariffs, in Life BCR\* grows by more than 40%
- § A and PL: weak development of life premiums is result of currently low demand for single premium business
- § SK: strict pricing discipline in non-life

## Growth Rates net of FX

	9M 2009		
	Non-Life	Life	Total
Austria	0.8%	2.1%	1.6%
Czech Republic	11.6%	75.0%	27.7%
Slovakia	3.6%	21.5%	11.0%
Romania	-1.2%	142.9%	7.1%
Poland	9.4%	-42.5%	-14.9%
Other CEE	21.2%	47.8%	28.7%
Other	3.1%	-20.2%	-13.1%
<b>Total</b>	<b>5.5%</b>	<b>8.5%</b>	<b>6.6%</b>

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

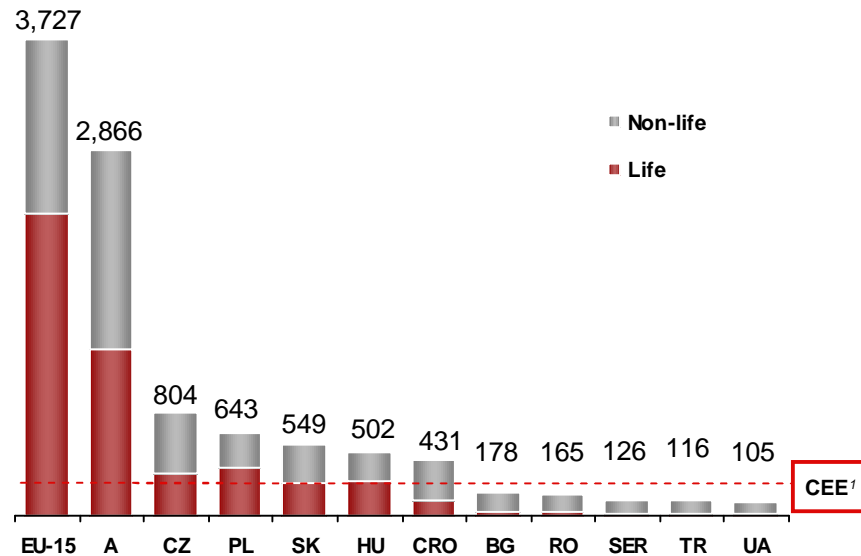
GDP growth and underpenetration are insurance drivers



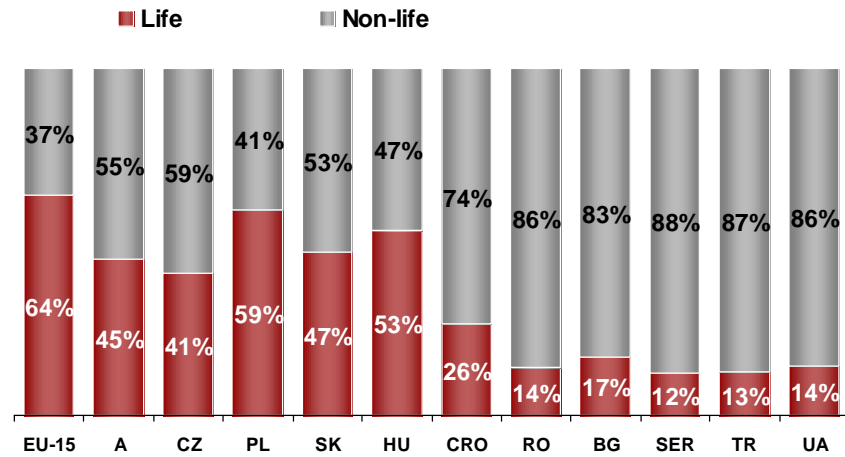
# V.I.G. Business Model Still in Place (II)

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

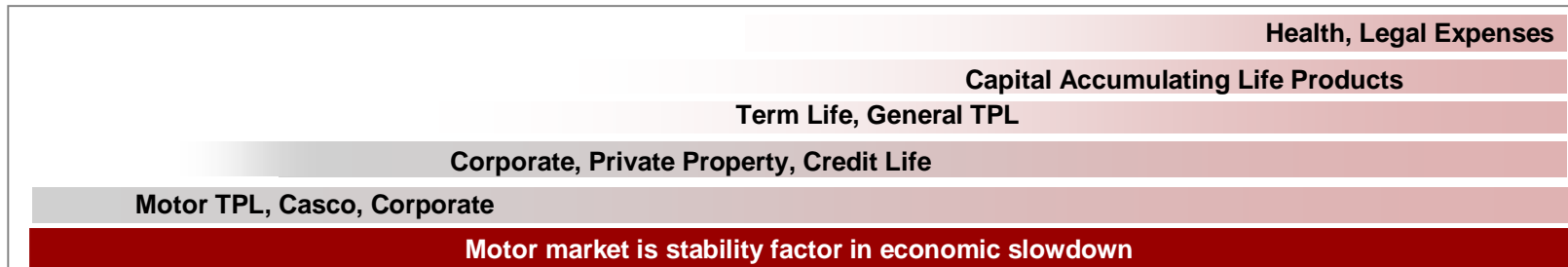
### Insurance Density 2008 (USD)



### Proportion of NL & L in CEE Markets



### Product Demand Timeline



1: weighted average of CZ, SK, H, PL, CRO, BG, RO, SER, UA, TR; Source: Swiss RE Sigma 03/2009



# Management Approach (I)

Multi-brand strategy is paramount for distribution

## Multi-Brand

## Features



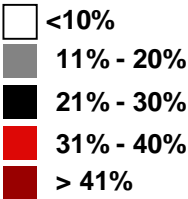
in total about 40 brands

- § Strong brand awareness in local markets
- § Entrepreneurship of management build up well established local brands thus retain loyalty of employees and management, customers and distribution networks
- § Multi-brand allows for internal benchmarking
- § Regular appraisal of brands efficiency – otherwise merger of companies (e.g. in SK)
- § Multi-brand also strongly supports multi-channel distribution

Multi-brand and multi-channel differentiate V.I.G. from most of its competitors

# Management Approach (II)

## Strength of distribution supports future growth

Comment	Multi-Channel				
		Tied agents	Banks	Brokers	Other
<p>§ V.I.G. has one of the broadest distribution networks</p>					
<p>§ Distribution differs from country to country according to local market practice and legal regulations</p>					
<p>§ Backbone of distribution are tied agents (employed or freelancer) in almost every market</p>					
<p>§ In advanced growth markets bank-channel gaining significant importance in life business</p>					
<p>§ Internal competition of distribution channels within Group raises motivation to be first at client</p>					

**A** Investment proposition

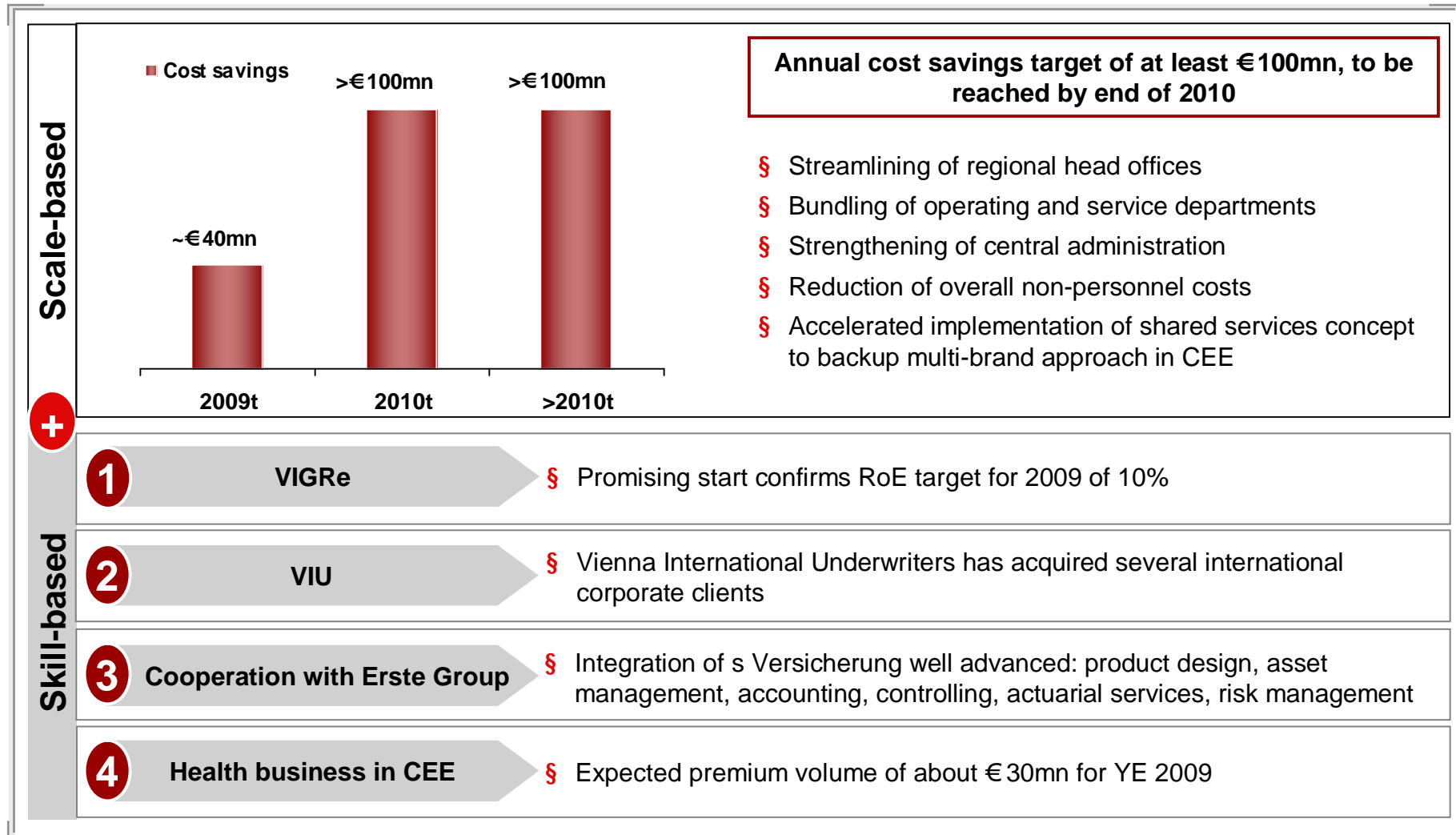
**B** Growth potential in CEE and Austria

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# Financial Control and Business Initiatives

Setting the basis for future performance



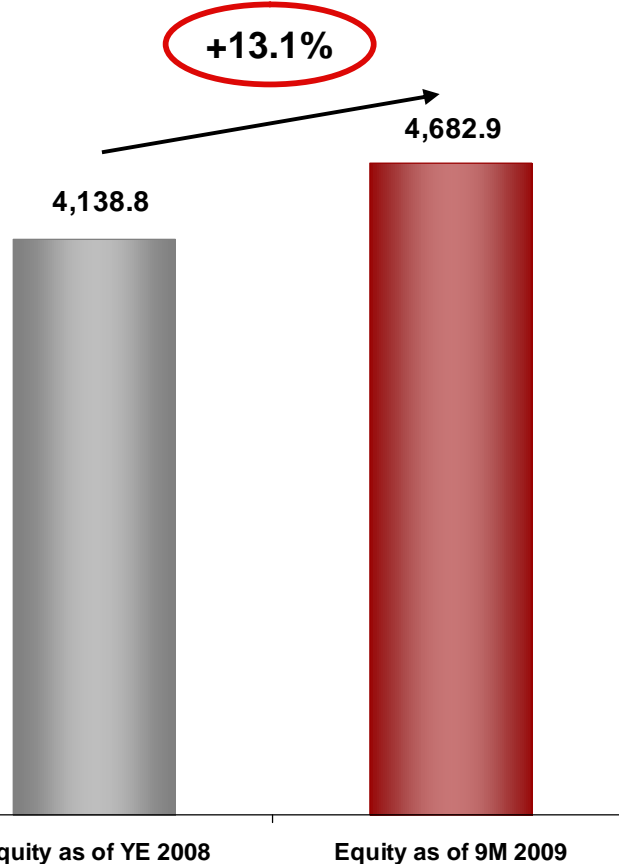
# Capitalisation

Strong capitalisation is excellent basis for future expansion

## Shareholders' Equity

## Capitalisation

Change in Group Shareholders' Equity (€mn)



- § Group shareholders' equity increased by 13.1% to about €4.7bn in 9M 2009
- § Comfortable solvency ratio of above 180% on IFRS basis
- § V.I.G. develops new risk based internal capital model according to Solvency II

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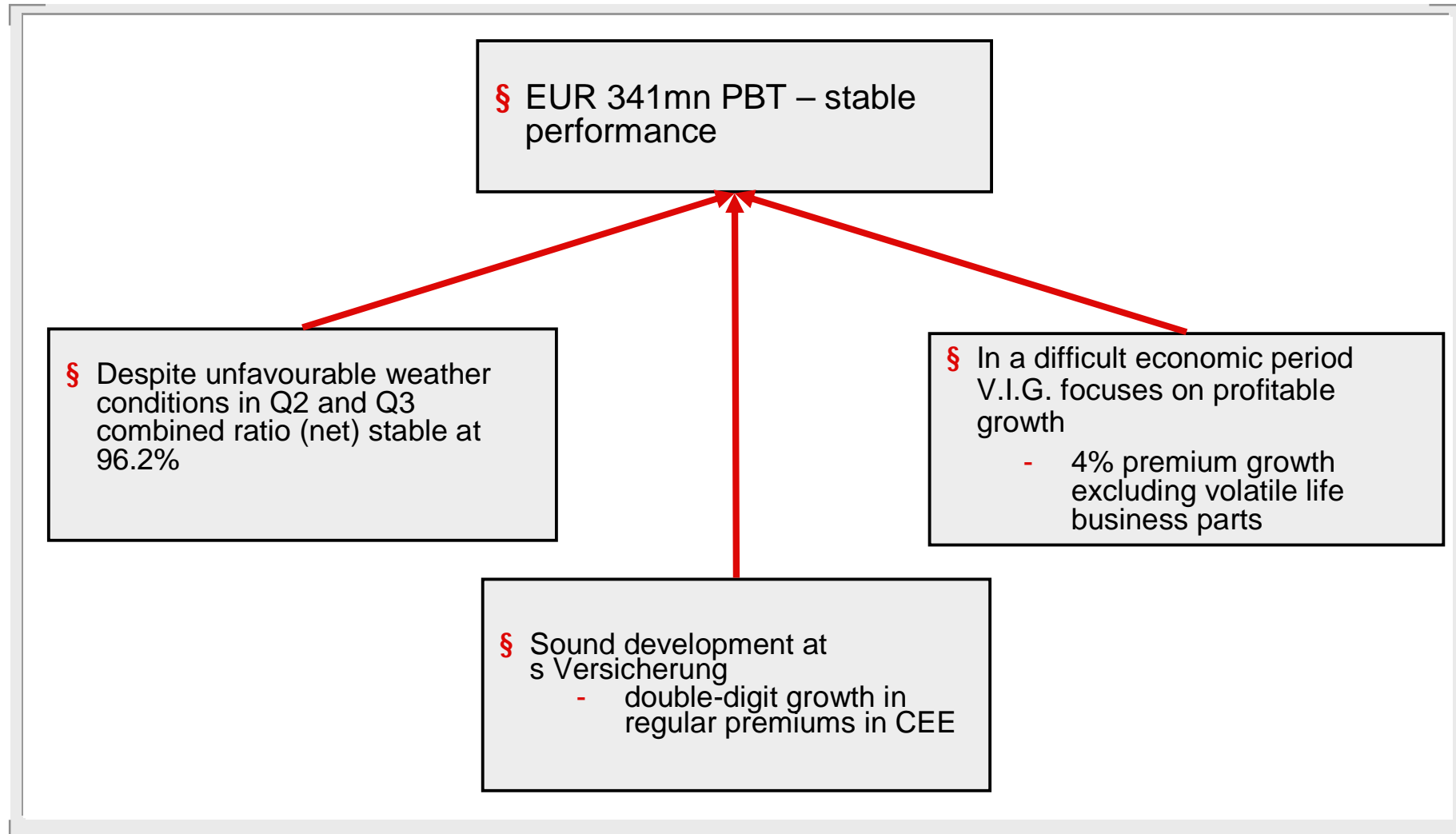
**C** Recent developments

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# 9M 2009 Highlights

V.I.G. with steady solid performance during 3 quarters

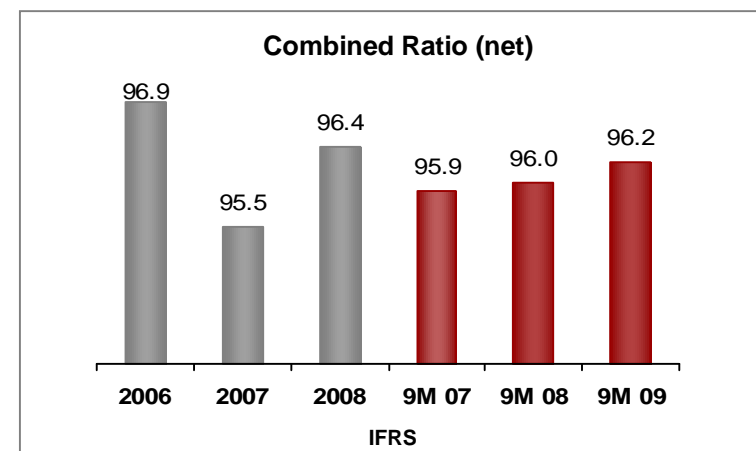
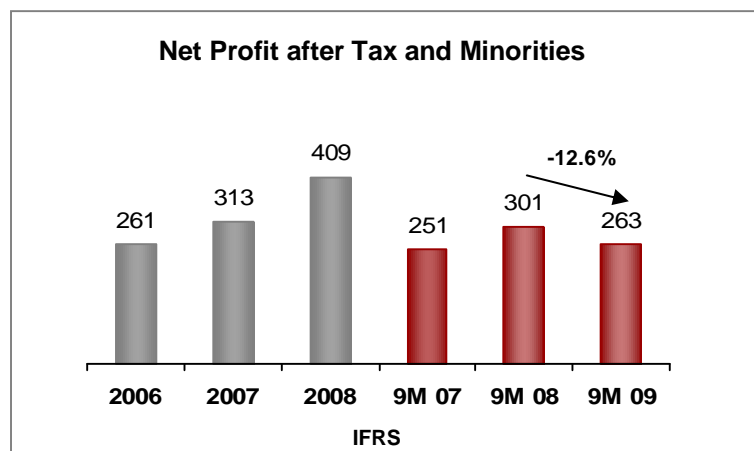
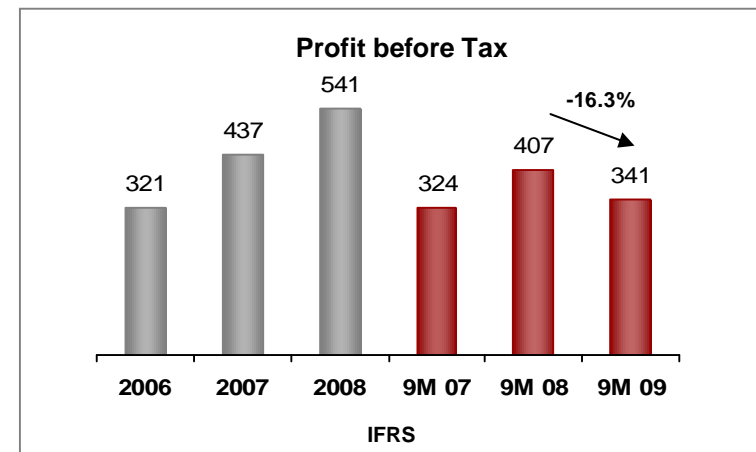
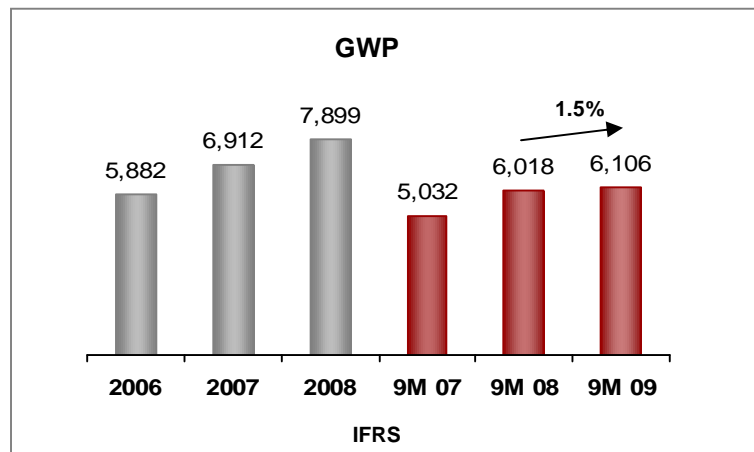
D 15



# 9M 2009 Financial Highlights

9M PBT yoy above level of excellent year 2007

D 16





 **V.I.G. ahead of the game**

 **Local knowledge and brand awareness**

 **Extending distribution power and product development**

 **Significant catch-up potential in underpenetrated CEE insurance markets**

 **Experienced management and strong integration skills**

 **Strong balance sheet and prudent financial investment**