

■ VIG – continuing the CEE story

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## US & Canada Roadshow

April 2011

## **Insurance development and exploitation by VIG**

Outline of VIG's markets

Management focus

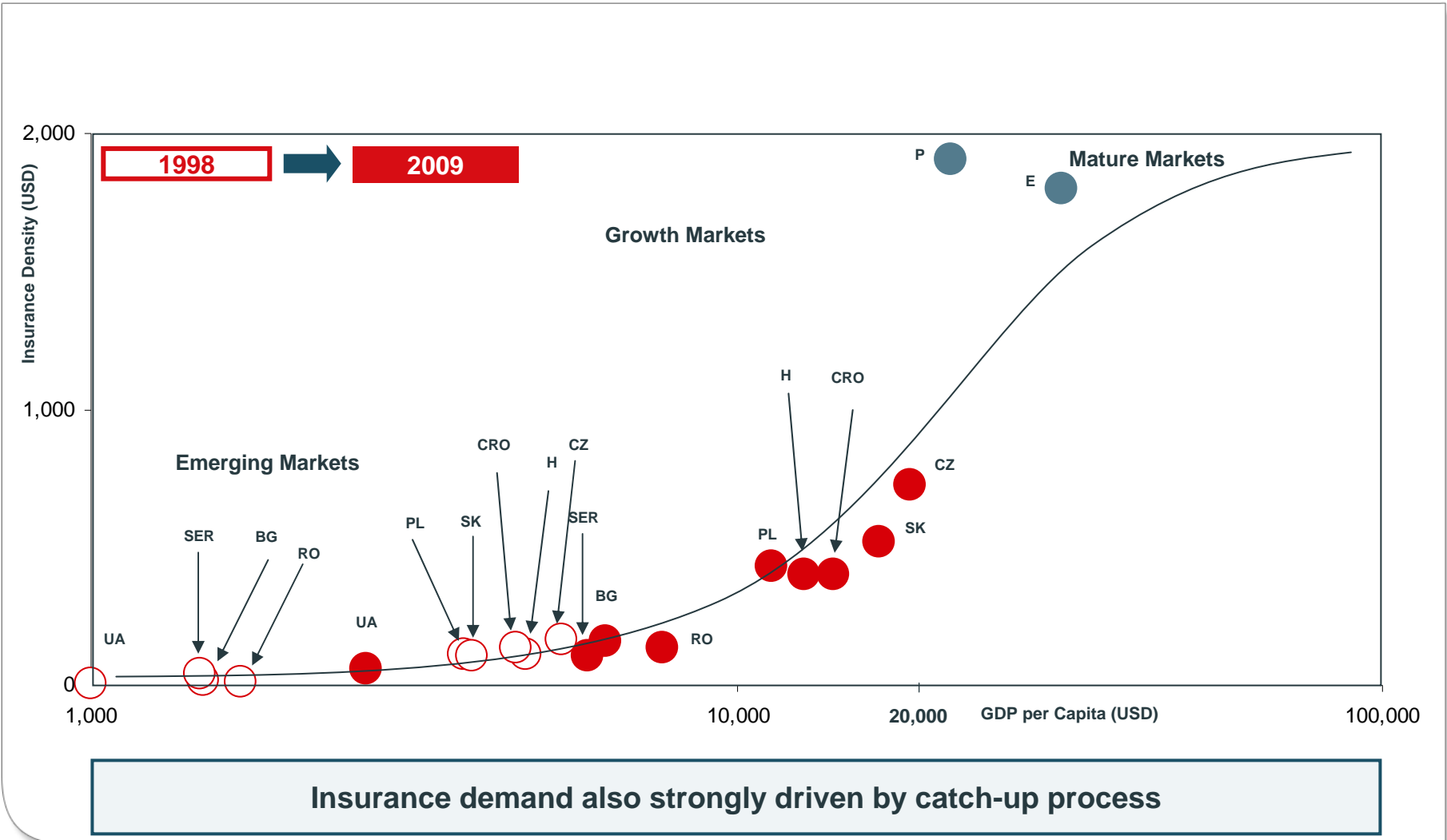
CEE business and earnings potential

Financials and outlook

Appendix

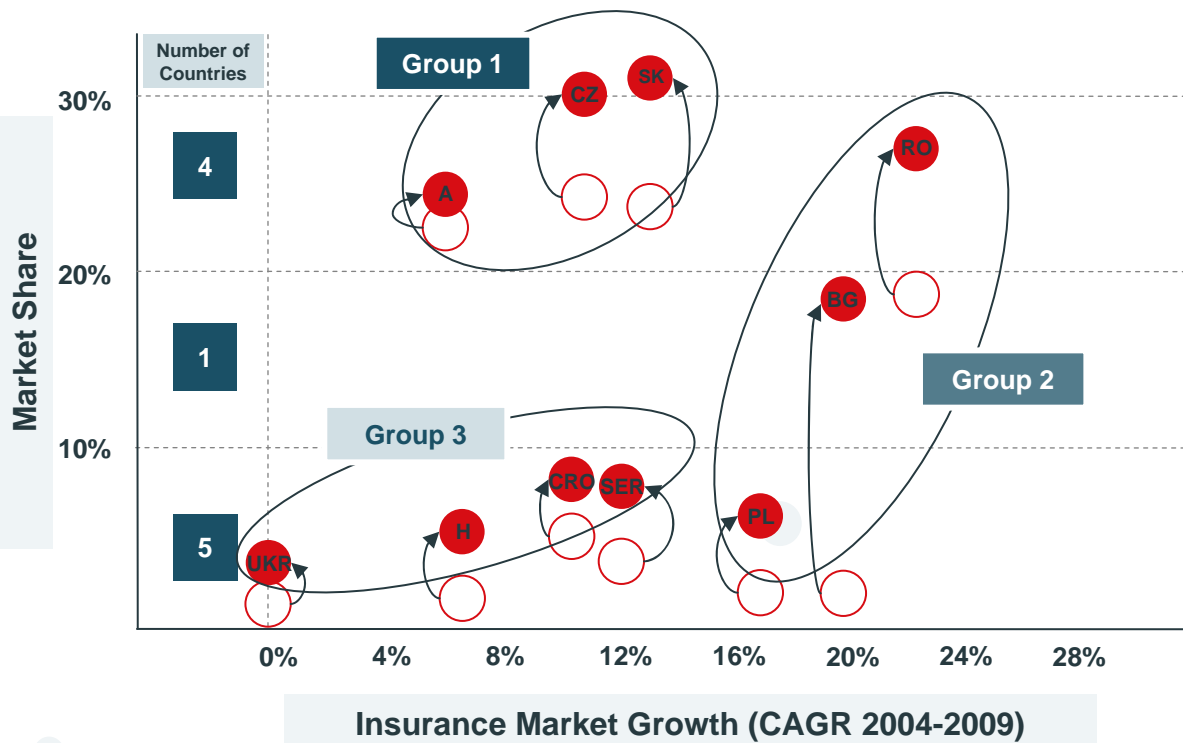
# Development of Insurance Demand in CEE

## GDP growth and underpenetration are insurance drivers



# VIG Is Well Positioned in its Core Markets

## Steady increase of market share within short period



### Group 1

Pop: 23.9mn

GDP/Cap.: \$ 27,615<sup>1</sup>

Density: \$ 1,386<sup>2</sup>

### Group 2

Pop: 66.7mn

GDP/Cap.: \$ 9,595<sup>1</sup>

Density: \$ 306<sup>2</sup>

### Group 3

Pop: 67.4 mn

GDP/Cap.: \$ 5,252<sup>1</sup>

Density: \$ 136<sup>2</sup>

Source: Swiss RE 04/2005; 02/2010, company data YE 2004; 9M 2010, VVO

1: Weighted average GDP/Cap. of respective group

2: Weighted average density of respective group

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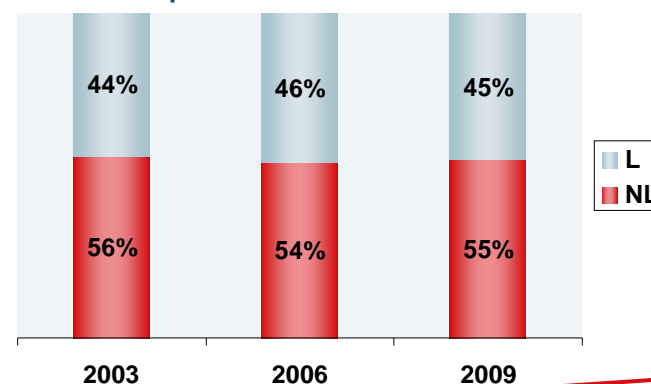
Appendix

## Austria

### Market Statistics

	2006	2009	9M 2010
<b>Austrian Insurance Market</b>			
Market Volume (€mn) <sup>1</sup>	15,589	16,420	12,922
Insurance Density (\$) <sup>2</sup>	2,397	2,743	na
<b>VIG Austria (%)<sup>1</sup></b>			
Growth	8.1	-2.5	6.9
Market Share Non-Life	20.8	21.0	21.2
Market Share Life	28.1	26.7	29.4

Proportion of Non-Life & Life<sup>2</sup>



### Remarks

- ▶ Low unemployment rate throughout cycle ensures continuous growth of private consumption => positive for non-motor non-life
- ▶ Mature market in non-life: still potential in motor comprehensive insurance
- ▶ Still underpenetrated in life due to generous social security system in the past
- ▶ Market dominated by Top 4 players (~70% market share)

### Current trends:

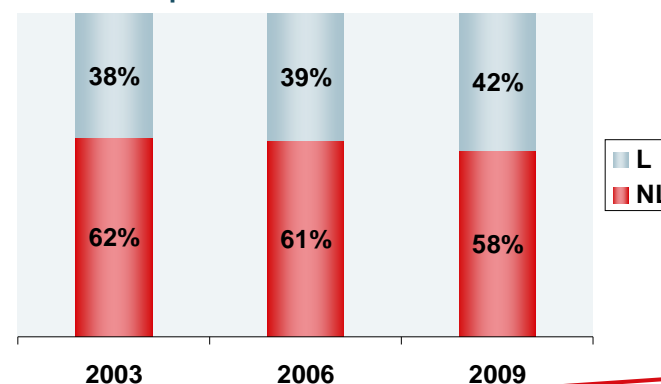
- ▶ **MTPL market with attractive claims ratio (~67%), currently at bottom of pricing cycle**
- ▶ **Still trend to smaller cars**
- ▶ **Increasing demand for multi-year contracts from corporate clients => hardening of tariffs expected**
- ▶ **Recent mixed legal changes (tax advantage of life insurance vs. fund business, increase of minimum contract period for single premium business to 15 ys; lowering of statutory rates to 2%) => opaque business environment for life**

## Czech Republic

### Market Statistics

	2006	2009	9M 2010
<b>Czech Insurance Market</b>			
Market Volume (€mn) <sup>1</sup>	4,309	5,293	4,382
Insurance Density (\$) <sup>2</sup>	520	723	na
<b>VIG Czech Republic (%)<sup>1</sup></b>			
Growth	2.9	3.0	7.0
Market Share Non-Life	32.6	34.6	34.5
Market Share Life	14.9	27.4	26.6

Proportion of Non-Life & Life<sup>2</sup>



### Remarks

- ▶ Sound fiscal situation with low debt levels supports economic recovery
- ▶ Most developed CEE core market, nevertheless still clearly underpenetrated in Non-life and Life
- ▶ High level of market concentration, top 5 players dominate market with a market share of more than 80%

### Current trends:

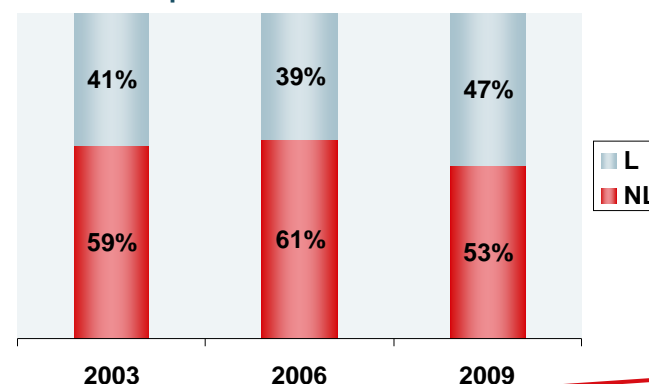
- ▶ Increasing competition for market share, decline in new car sales and trend to smaller cars leads to weaker motor business
- ▶ Non-motor non-life showing solid growth rates
- ▶ Excellent banking cooperation is growth driver for life business; rising demand for unit-/index-linked life contracts

## Slovakia

### Market Statistics

	2006	2009	9M 2010
<b>Slovak Insurance Market</b>			
Market Volume (€mn) <sup>1</sup>	1,444	2,018	1,551
Insurance Density (\$) <sup>2</sup>	337	517	na
<b>VIG Slovakia (%)<sup>1</sup></b>			
Growth	10.8	0.9	2.1
Market Share Non-Life	31.0	33.8	31.5
Market Share Life	22.9	29.6	31.4

Proportion of Non-Life & Life<sup>2</sup>



### Remarks

- ▶ Change in private consumption due to economic crises
- ▶ Strong economic recovery under way
- ▶ High level of market concentration, Top 5 players dominate market with market share of about 75%

### Current trends:

- ▶ Currently competitive motor market results in subdued non-life premiums
- ▶ Overall premium growth driven by life insurance with rising demand for single premium policies

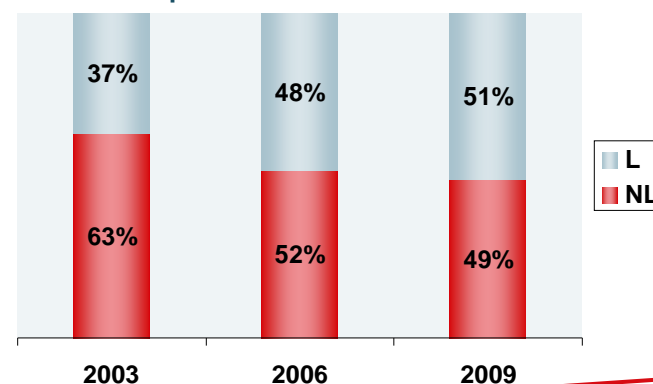


## Poland

### Market Statistics

	2006	2009	9M 2010
<b>Poland Insurance Market</b>			
Market Volume (€mn) <sup>1</sup>	9,634	11,503	10,038
Insurance Density (\$) <sup>2</sup>	310	430	na
<b>VIG Poland (%)<sup>1</sup></b>			
Growth	47.7	-12.7	9.8
Market Share Non-Life	5.9	9.0	9.8
Market Share Life	2.4	2.4	2.0

Proportion of Non-Life & Life<sup>2</sup>



### Remarks

- ▶ Only European economy which showed sustainable GDP growth rates throughout the crisis
- ▶ Non-life and life business nearly evenly split, life share of business so prominent due to tax driven products
- ▶ Competition: despite shrinking market share (29.4% 6M 2010 vs. 32.8% 9M 2009) former monopoly insurer still dominates market; recent SPO of market leader should support profitability of this market

### Current trends:

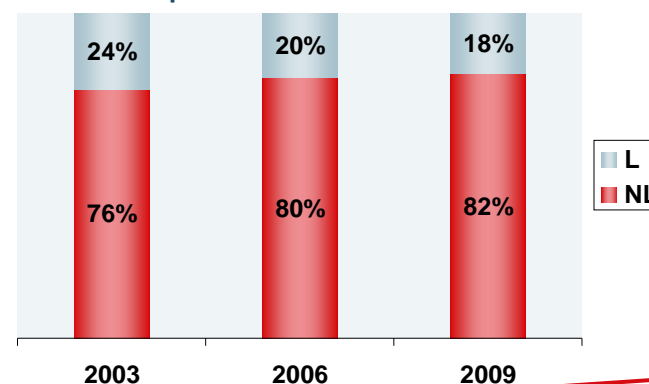
- ▶ Motor business facing strong growth rates due to extension of distribution and new corporate customers
- ▶ Distribution cooperation with local banks results in recovery of life business (single premium)

## Romania

### Market Statistics

	2006	2009	9M 2010
<b>Romanian Insurance Market</b>			
Market Volume (€mn) <sup>1</sup>	1,625	2,114	1,506
Insurance Density (\$) <sup>2</sup>	94	136	na
<b>VIG Romania (%)<sup>1</sup></b>			
Growth	1.5	-1.0	-11.7
Market Share Non-Life	17.8	30.9	27.5
Market Share Life	4.2	21.3	24.3

Proportion of Non-Life & Life<sup>2</sup>



### Remarks

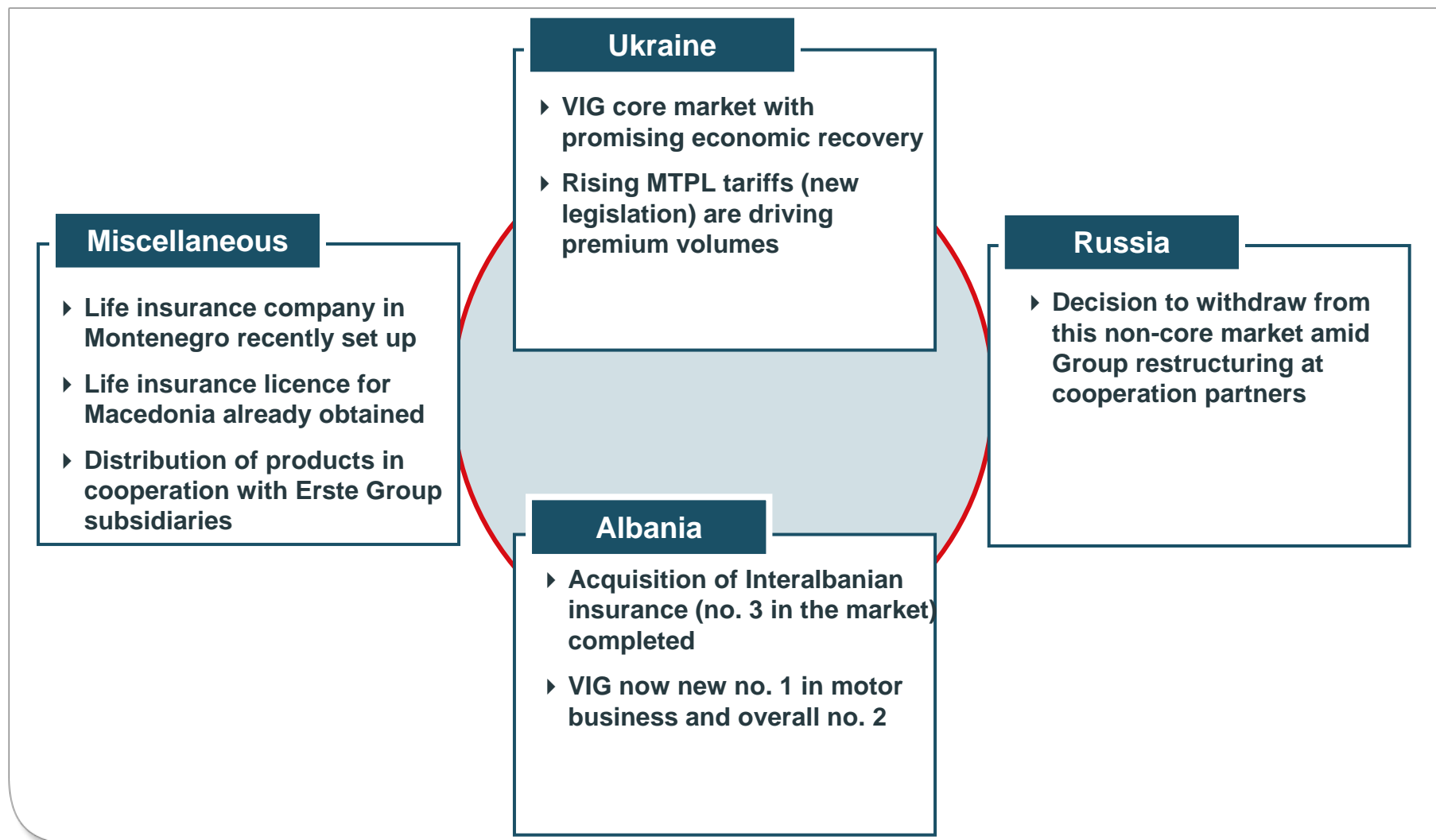
- ▶ Difficult economic situation also affecting insurance market
  - Cut in salary of civil servants by 25%
  - Increase of VAT from 19% to 24%
- ▶ Non-life business still accounts for about 82% of total market

### Current trends:

- ▶ Decreasing motor business leads to weaker overall market; due to increase of tariffs (slowly also expected for competitors) stabilisation already seen
- ▶ Successful banking cooperation with BCR bank especially in life

## Overview of other VIG Core Markets

Bulgaria	Croatia	Hungary	Serbia	Ukraine
Pop.: 7.6 mn	Pop.: 4.6 mn	Pop.: 10.0 mn	Pop.: 7.4 mn	Pop.: 45.7 mn
GDP/Cap.: \$ 7 k	GDP/Cap.: \$ 13 k	GDP/Cap.: \$ 17 k	GDP/Cap.: \$ 7 k	GDP/Cap.: \$ 3 k
Density NL: \$ 154	Density NL: \$ 318	Density NL: \$ 236	Density NL: \$ 111	Density NL: \$ 55
Density L: \$ 24	Density L: \$ 113	Density L: \$ 266	Density L: \$ 15	Density L: \$ 2
Market share: 17.6%	Market share: 8.4%	Market share: 4.5%	Market share: 7.7%	Market share: 3.1%



Insurance development and exploitation by VIG

Outline of VIG's markets

**Management focus**

CEE business and earnings potential

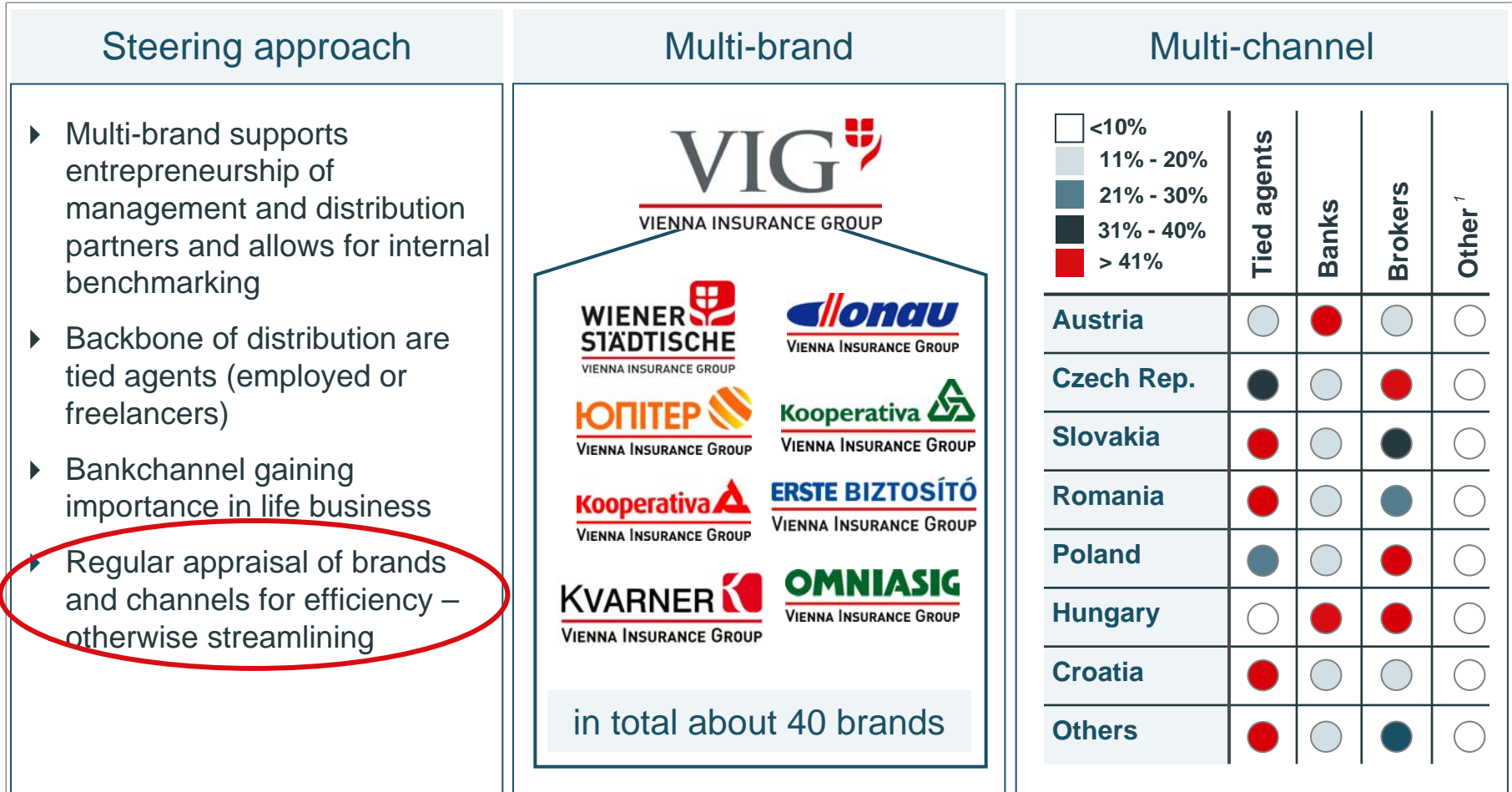
Financials and outlook

Appendix

# Management Focus (I)

## Remain committed to proven fundamentals

Management focus



Multi-brand and multi-channel remain core success factors for VIG

<sup>1</sup>: direct insurance, leasing, car dealers, affinity groups,...

### Diversification

#### Life in CEE

- ▶ Cooperation with Erste Group, focus on UL, extension into 10 countries

#### Geographic

- ▶ VIG present in markets with different dynamics
- ▶ Ukraine recently declared new core market, further expansion in Albania

#### Completion

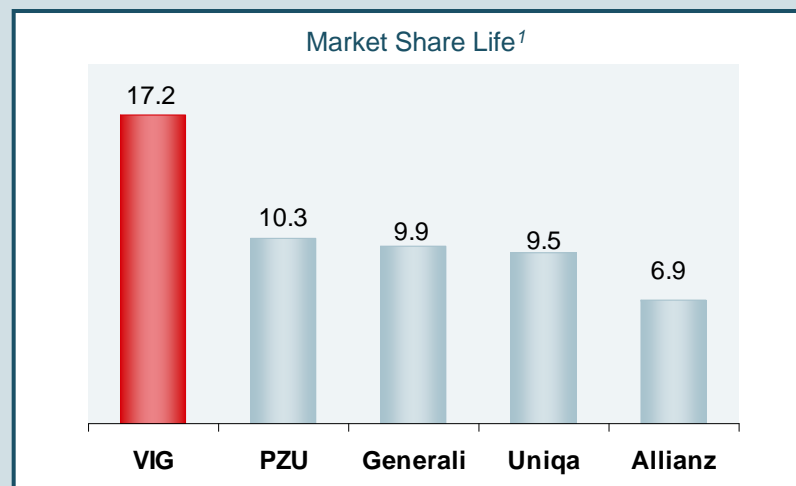
- ▶ Excellent implementation of VIGRe
- ▶ Preparation for health insurance business in CEE
- ▶ Launch of motor legal expenses insurance business in CZ, SK and PL

#### Efficiency

- ▶ Accelerated implementation of shared services concept to back up multi-brand approach in CEE to be continued in 2011
- ▶ Bundling of IT systems and procurement activities in CEE

### Cooperation of s Versicherung

- ▶ S Versicherung shows strongest growth dynamic in CEE (=> about 30% in YE 2010), in CZ premium increase of 38.2%, also strong in RO (21.3%)
- ▶ Profitability of s Versicherung operations well ahead of schedule
- ▶ Banking distribution was paramount to become new no. 1 in Life in core<sup>1</sup> markets



1: Austria, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Ukraine; National insurance associations of the respective countries as of 9M 2010

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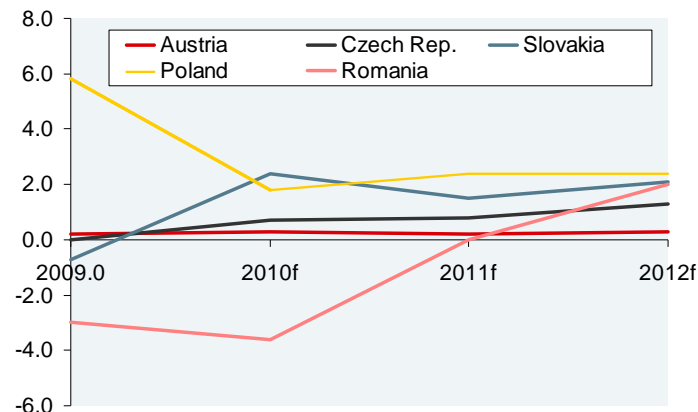


## Recovery in CEE region exceeds development of Euro area

**GDP Development** (real, % change vs. previous year)

	2009	2010f	2011f	2012f
Euro area	-4.1	1.7	1.5	1.8
Austria	-3.9	2.0	1.7	2.1
Czech Rep.	-4.1	2.4	2.3	3.1
Slovakia	-4.8	4.1	3.0	3.9
Poland	1.7	3.5	3.9	4.2
Romania	-7.1	-1.9	1.5	3.8

**GDP Development vs. Euro Area** (indexed, Euro area = 0)



**Unemployment Rate (%)**

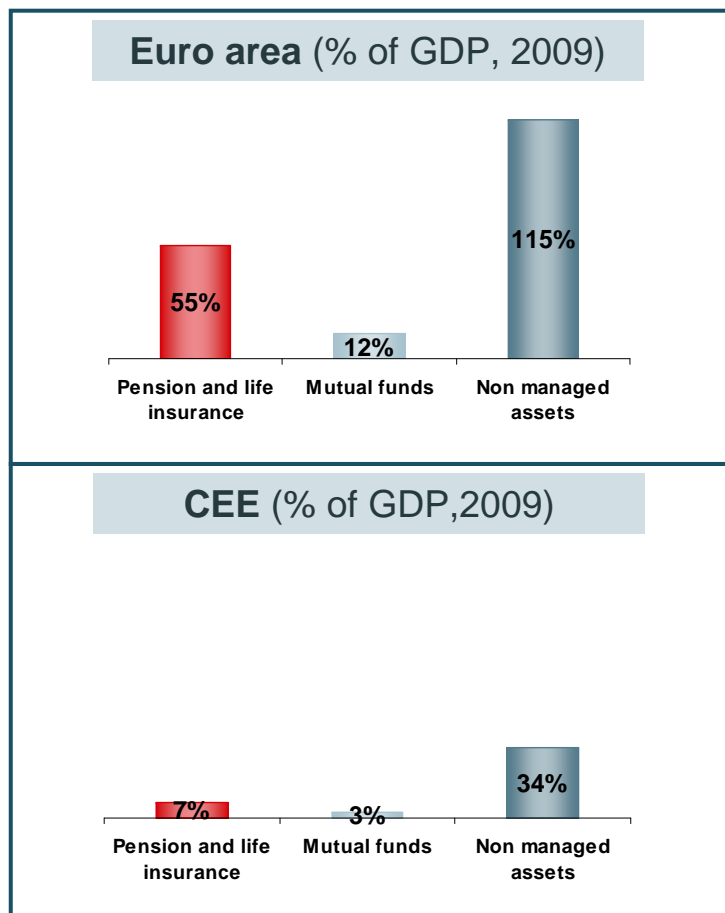
	2009	2010f	2011f	2012f
Euro area	9.5	10.1	10.0	9.6
Austria	4.8	4.4	4.2	4.3
Czech Rep.	6.7	7.3	7.0	6.7
Slovakia	12.0	14.5	14.2	13.4
Poland	8.2	9.5	9.2	8.5
Romania	6.9	7.5	7.4	7.0

**Gross Government Debt (% of GDP)**

	2009	2010f	2011f	2012f
Euro area	79.1	84.1	86.5	87.8
Austria	67.5	70.4	72.0	73.3
Czech Rep.	35.3	40.0	43.1	45.2
Slovakia	35.4	40.7	44.8	47.6
Poland	50.9	55.5	57.2	59.6
Romania	23.9	30.4	33.4	34.1

## Two examples: life & health

### Households' wealth composition<sup>1</sup>



### Health insurance potential in CEE

- ▶ Austria 2006: Private health spending of \$ 1,000 - thereof 25% for private health insurance
- ▶ In CZ assumption to reach 30% of Austrian level (2006) by 2018

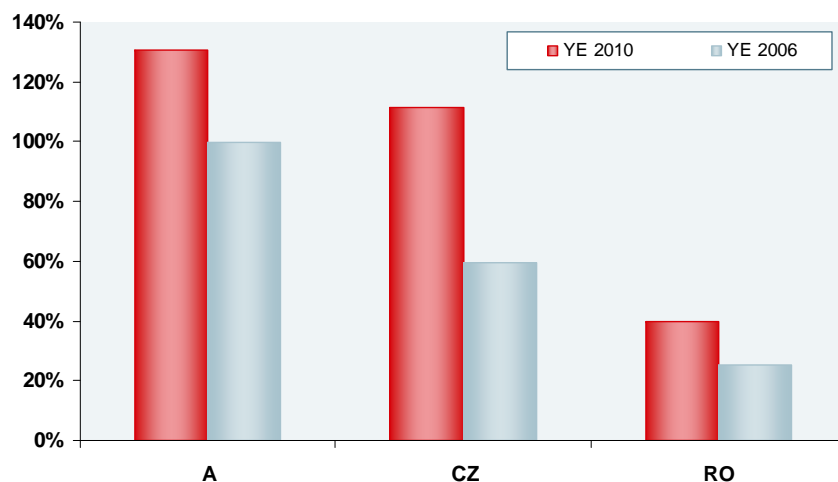
Potential of private health insurance for VIG of about € 500mn in CZ, PL, SK and RO

1: Source: Unicredit Group

### Earnings Potential

#### Reserving Level Comparison

(Claims reserve in % of NEP)



#### ▶ 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 allowed for pooling within VIGRe
- ▶ Creation of Group wide reinsurance cover packages (e.g. NatCat)
- ▶ Services also offered to external local insurers in the region

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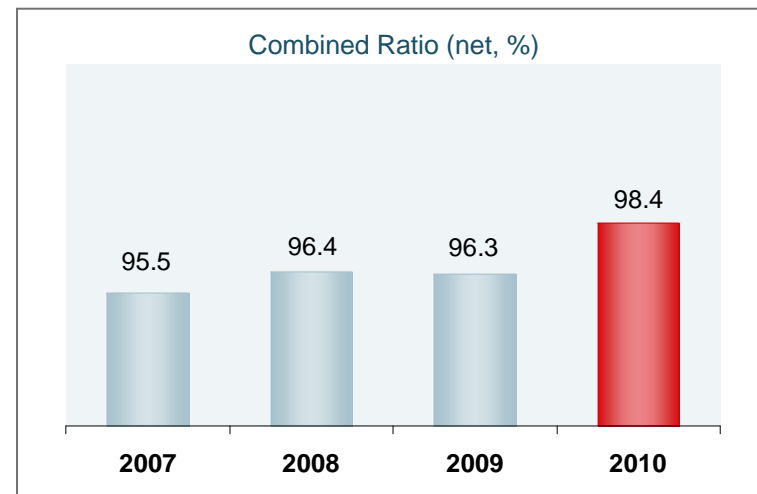
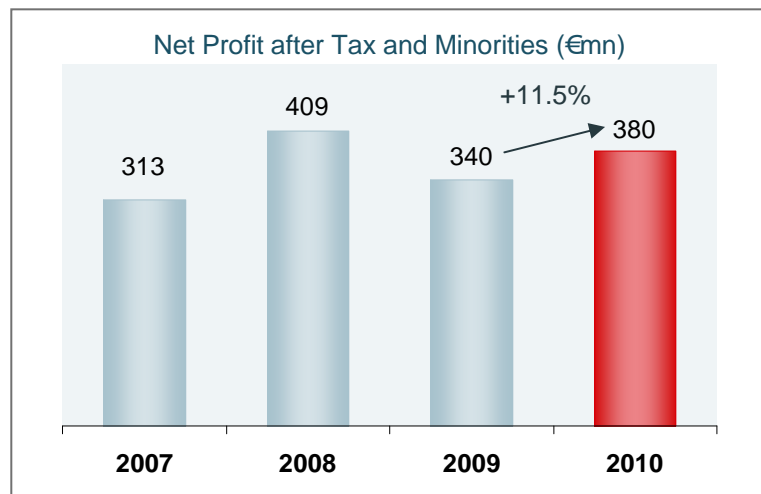
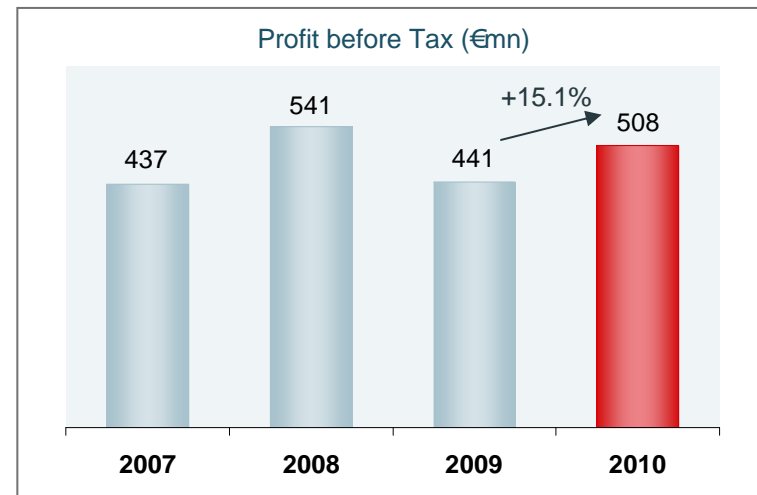
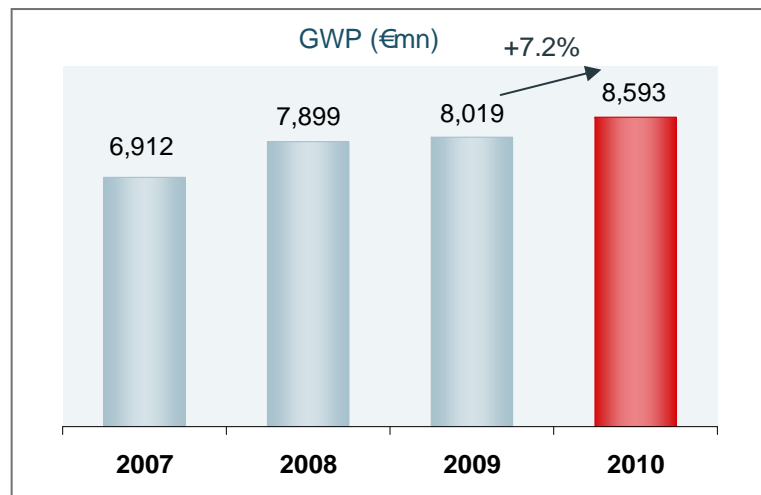
CEE business and earnings potential

**Financials and outlook**

Appendix

# YE 2010 Financial Highlights (I)

## PBT increase driven by CEE performance



VIG's Path of Profitability (€mn)



## 2011

### Positive results drive to be sustained in 2011:

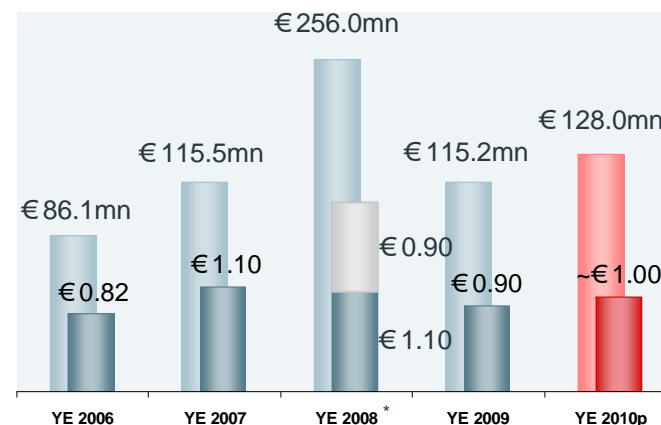
- PBT to increase again by about 10%

- Low percentage premium growth expected

- Combined ratio of about 97%

- ▶ Subject to overall economic and legal environment and benign Nat Cat trend

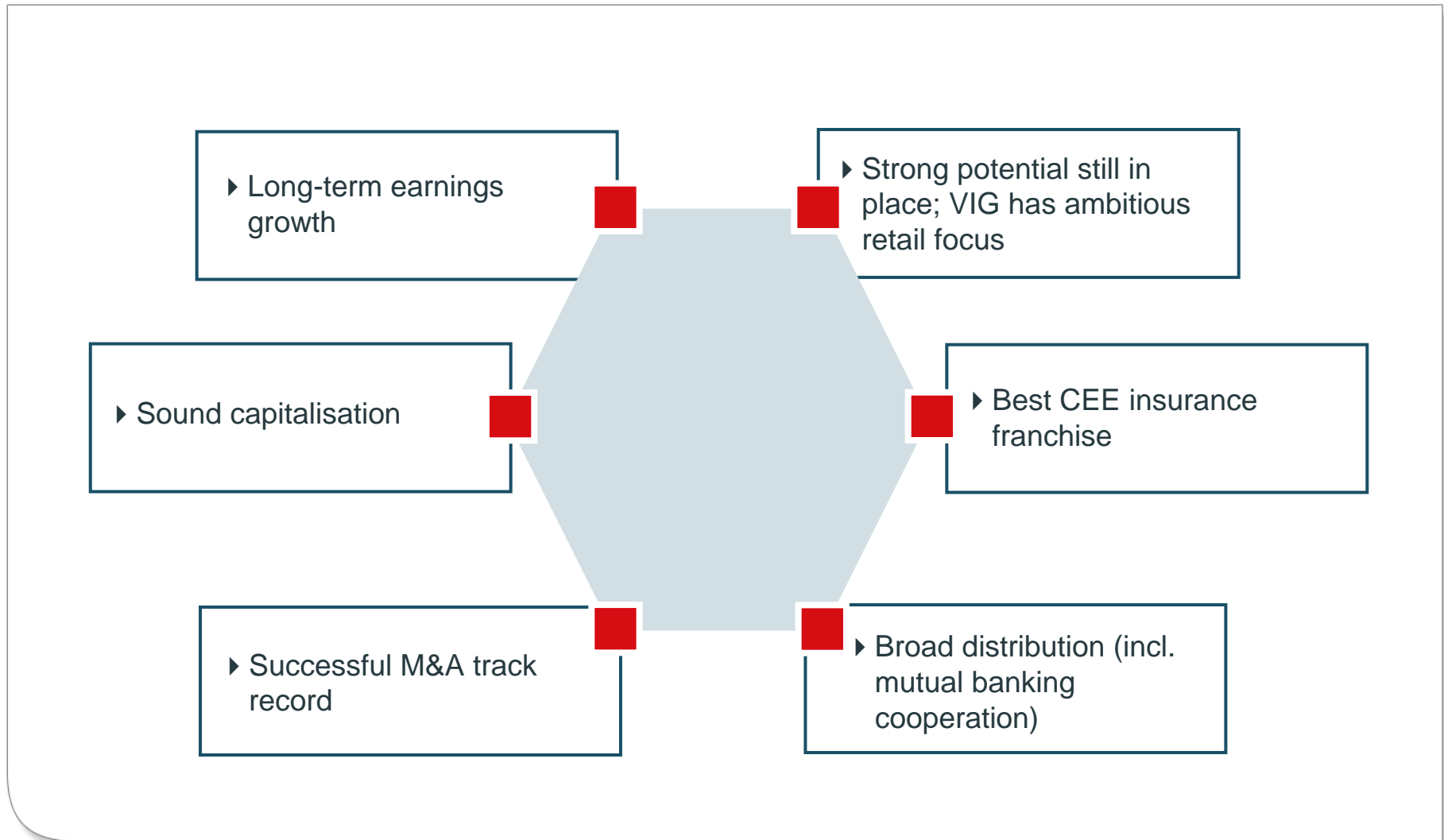
Development of Dividend



\*: One-off bonus dividend paid out in 2009

- Payout volume
- Dividend/share
- Bonus dividend/share

- ▶ VIG keeping to its dividend policy which is defined as a payout ratio of minimum 30% of Group net profit



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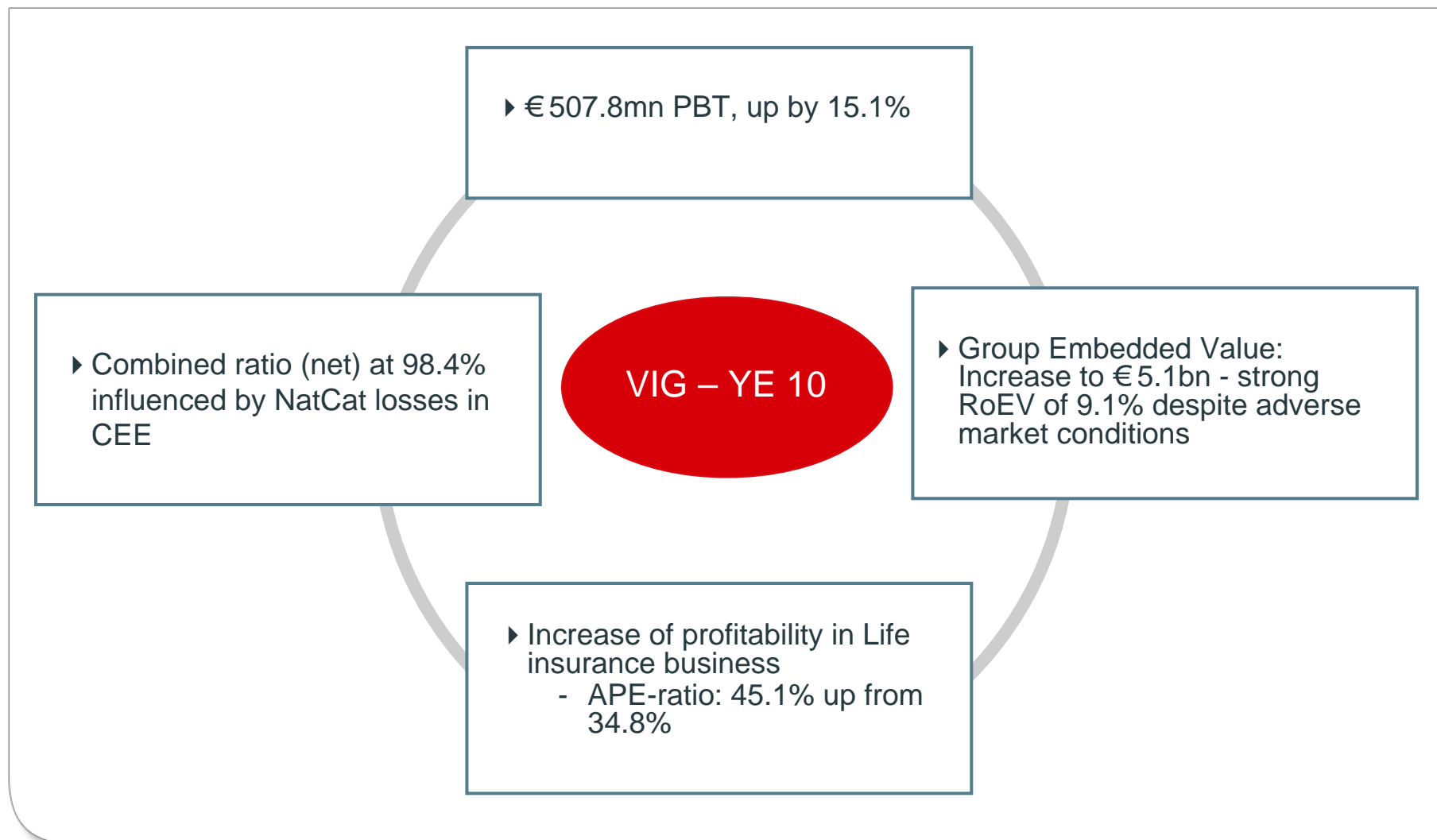
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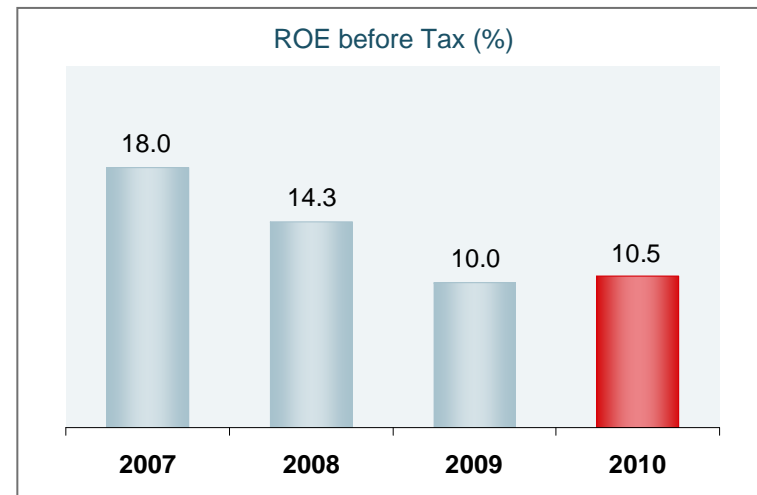
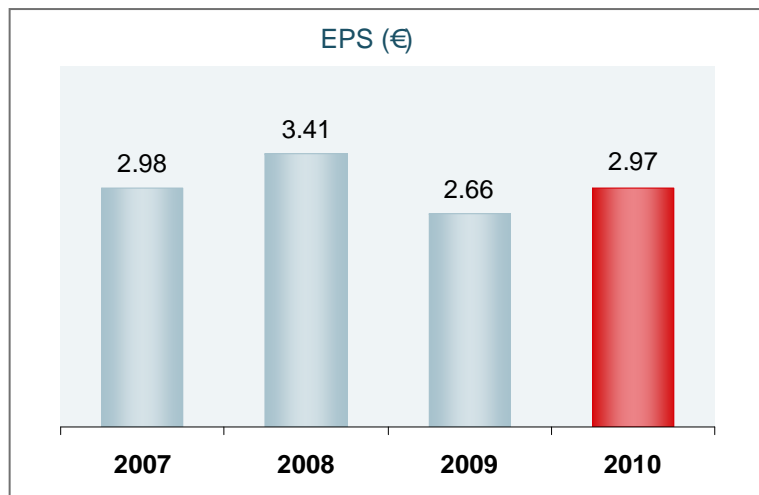
Financials and outlook

**Appendix**





# YE 2010 Financial Highlights (II)



# YE 2010 Income Statement

IFRS (€mn)

Appendix

€mn	YE 2010	YE 2009	+/-%
1. Gross premiums written	8,593.0	8,019.3	7.2
2. Net earned premiums	7,860.4	7,242.3	8.5
3. Financial result	1,116.4	929.1	20.2
4. Other income	93.8	125.0	-24.9
<b>Total income</b>	<b>9,070.6</b>	<b>8,296.4</b>	<b>9.3</b>
6. Expenses for claims and insurance benefits	-6,541.3	-5,877.2	11.3
7. Operating expenses	-1,759.9	-1,649.4	6.7
8. Other expenses	-261.6	-328.6	-20.4
<b>Total expenses</b>	<b>-8,562.9</b>	<b>-7,855.1</b>	<b>5.2</b>
<b>Profit before taxes</b>	<b>507.8</b>	<b>441.2</b>	<b>15.1</b>
Taxes	-94.5	-77.5	21.9
<b>Net profit before minorities (Profit for the period)</b>	<b>413.3</b>	<b>363.7</b>	<b>13.6</b>
Minorities	-33.5	-23.2	44.2
<b>Net profit after minorites</b>	<b>379.8</b>	<b>340.5</b>	<b>11.5</b>

# YE 2010 Balance Sheet

IFRS (€mn)

Appendix

€mn	YE 2010	YE 2009	+/-%
Intangible assets	2,104	1,975	6.5
Investments	28,160	25,894	8.7
Unit- and index-linked investments	5,479	4,628	18.4
Reinsurers' share in underwriting provisions	1,118	1,117	0.1
Receivables	1,681	1,563	7.5
Tax receivables and advance payments out of income tax	68	111	-38.2
Deferred tax assets	108	122	-12.0
Other assets	359	376	-4.6
Cash and cash equivalents	396	485	-18.3
<b>Total assets</b>	<b>39,473</b>	<b>36,272</b>	<b>8.8</b>
Shareholders' equity	5,030	4,629	8.7
<i>thereof minorities</i>	396	289	37.0
Subordinated liabilities	539	545	-1.1
Underwriting provisions	24,018	22,578	6.4
Unit- and index-linked technical provisions	5,228	4,376	19.5
Non-underwriting provisions	558	499	11.6
Liabilities	3,675	3,138	17.1
Tax liabilities out of income tax	64	112	-42.9
Deferred tax liabilities	127	160	-20.4
Other liabilities	234	234	-0.3
<b>Total liabilities and equity</b>	<b>39,473</b>	<b>36,272</b>	<b>8.8</b>

# YE 2010 P&L– Gross Written Premiums

## Growth with different dynamics by lines and markets (€mn)

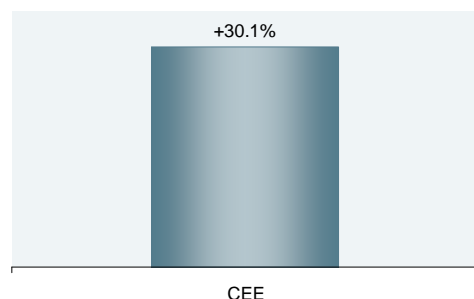
Appendix

€mn	GWP Non-life			GWP Life			Total		
	YE 2010	YE 2009	+/-%	YE 2010	YE 2009	+/-%	YE 2010	YE 2009	+/-%
Austria	1,894.4	1,888.7	0.3	2,146.7	1,985.4	8.1	4,041.1	3,874.2	4.3
Czech Rep.	1,004.4	975.5	3.0	752.2	627.8	19.8	1,756.5	1,603.3	9.6
Slovakia	307.0	333.4	-7.9	340.9	295.0	15.5	647.9	628.4	3.1
Poland	559.4	384.1	45.7	188.3	164.2	14.7	747.7	548.3	36.4
Romania	434.9	519.4	-16.3	93.2	87.2	6.8	528.0	606.7	-13.0
Remaining	488.1	427.0	14.3	383.6	331.5	15.7	871.7	758.5	14.9
<b>Total</b>	<b>4,688.2</b>	<b>4,528.1</b>	<b>3.5</b>	<b>3,904.8</b>	<b>3,491.2</b>	<b>11.8</b>	<b>8,593.0</b>	<b>8,019.3</b>	<b>7.2</b>

- ▶ Austria: competitive motor market with lower volumes; life benefiting from single premiums
- ▶ Czech Republic: trend to smaller cars and price competition in motor
- ▶ Slovakia: more selective underwriting in motor; strong single premium life business
- ▶ Poland: portfolio restructuring in Life completed, thus growing again
- ▶ Romania: lower motor volumes due to substantial rate increases and weak market

- ▶ Remaining: competitive motor markets and low demand for new cars; growth from consolidation effects

s Versicherung Group CEE<sup>1</sup> business (yoy)



- ▶ Premium growth of 38.2% in CZ
- ▶ In Romania, banking distribution increased by 21.3%
- ▶ Double-digit premium increase in all major markets; overall, plus 9.8% to reach EUR 1,554.4mn in s Versicherung Group

1: s Versicherung Group without BCR Non-Life

# YE 2010 – Expenses for Claims Incurred

## NatCat losses throughout year affect loss ratio

Appendix

- ▶ Group loss ratio (net) up by 1.6% pts
- ▶ Austrian loss ratio saw increase by 1.6% pts due to pressure on motor rates
- ▶ Czech Republic recorded loss ratio up by 2.1% pts as a consequence of adverse weather conditions
- ▶ In Slovakia loss ratio stable
- ▶ Poland: increase of loss ratio by 7.3% pts as a consequence of exceptional motor claims frequency and severe weather conditions
- ▶ Romania saw decrease of claims ratio by 4.9% pts reflecting increased motor tariffs, introduction of deductibles and FX development
- ▶ Remaining: loss ratio up by 1.7% pts mainly from motor business

%	Claims Ratio		
	YE 2010	YE 2009	+/- %-pts
Austria	68.8	67.2	1.6
Czech Rep.	66.3	64.2	2.1
Slovakia	57.6	57.3	0.4
Poland	70.3	63.1	7.3
Romania	64.9	69.9	-4.9
Remaining	68.5	66.8	1.7
	<b>66.9</b>	<b>65.3</b>	<b>1.6</b>

**NatCat YE: gross 196mn, net 73mn**

€mn	P&C	
	YE 2010	YE 2009
Net Earned Premiums:	3,644.3	3,457.7
Expenses for Claims Incurred:	2,437.5	2,257.2
<b>Ratio</b>	<b>66.9%</b>	<b>65.3%</b>

# YE 2010 – Operating Expenses

## Cost ratio slightly up due to shift in premiums into Remaining markets

Appendix

- ▶ Group cost ratio (net) increasing by 0.5% pts
- ▶ Cost ratio in Austria slightly decreasing by 0.4% pts due administration costs
- ▶ Costs in the Czech Republic stable, lower reinsurance commissions (reduced quota share) balanced by effects from efficiency programme
- ▶ In Slovakia, cost ratio up by 1.7% pts due to lower reinsurance commissions
- ▶ In Romania, decrease in personnel costs; increase in cost ratio mainly due to portfolio clean-up (relatively stable material costs)
- ▶ In Remaining cost ratio improved by 0.4% pts, influenced by acquisitions costs and efficiency programme

%	Cost Ratio		
	YE 2010	YE 2009	+/- %-pts
Austria	28.3	28.8	-0.4
Czech Rep.	26.9	27.0	-0.1
Slovakia	35.2	33.5	1.7
Poland	34.7	37.5	-2.8
Romania	36.2	29.4	6.7
Remaining	38.8	39.1	-0.4
	<b>31.5</b>	<b>31.0</b>	<b>0.5</b>

€mn	P&C	
	YE 2010	YE 2009
Net Earned Premiums:	3,644.3	3,457.7
Operating Expenses: <sup>1</sup>	1,148.5	1,072.1
Ratio	31.5%	31.0%

<sup>1</sup>: Including other underwriting result of €101.7mn for YE 2010 (YE 2009: € 98.4mn)

# YE 2010 P&L Major Items – Financial Result

## Financial result driven by improved markets

Appendix

Income in €'000	P&C		Life		Health		Total	
	YE 2010	YE 2009	YE 2010	YE 2009	YE 2010	YE 2009	YE 2010	YE 2009
Current income	448,196	176,724	908,367	1,095,810	38,014	39,729	1,394,577	1,312,263
Income from appreciations	12,669	11,505	69,013	55,917	862	3,137	82,544	70,559
Income from the disposal of investments	72,732	154,983	116,466	195,191	4,897	16,240	194,095	366,414
Other income	4,427	2,857	33,696	32,907	6	1,606	38,129	37,370
<b>Total Income</b>	<b>538,024</b>	<b>346,069</b>	<b>1,127,542</b>	<b>1,379,825</b>	<b>43,779</b>	<b>60,712</b>	<b>1,709,345</b>	<b>1,786,606</b>

Expenses in €'000	P&C		Life		Health		Total	
	YE 2010	YE 2009	YE 2010	YE 2009	YE 2010	YE 2009	YE 2010	YE 2009
Depreciation of investments	92,032	19,797	47,133	117,837	2,335	437	141,500	138,071
Impairment of investments	59,188	60,748	42,376	187,522	7,511	4,882	109,075	253,152
Exchange rate changes	3,010	1,090	-8,240	-4,374	16	-13	-5,214	-3,297
Losses from the disposal of investments	6,630	30,506	30,905	156,589	1,595	25,966	39,130	213,061
Interest expenses	74,149	31,222	33,855	84,116	6,252	7,117	114,256	122,455
Other expenses	124,813	37,787	62,011	89,774	7,338	6,481	194,162	134,042
<b>Total Expenses</b>	<b>359,822</b>	<b>181,150</b>	<b>208,040</b>	<b>631,464</b>	<b>25,047</b>	<b>44,870</b>	<b>592,909</b>	<b>857,484</b>

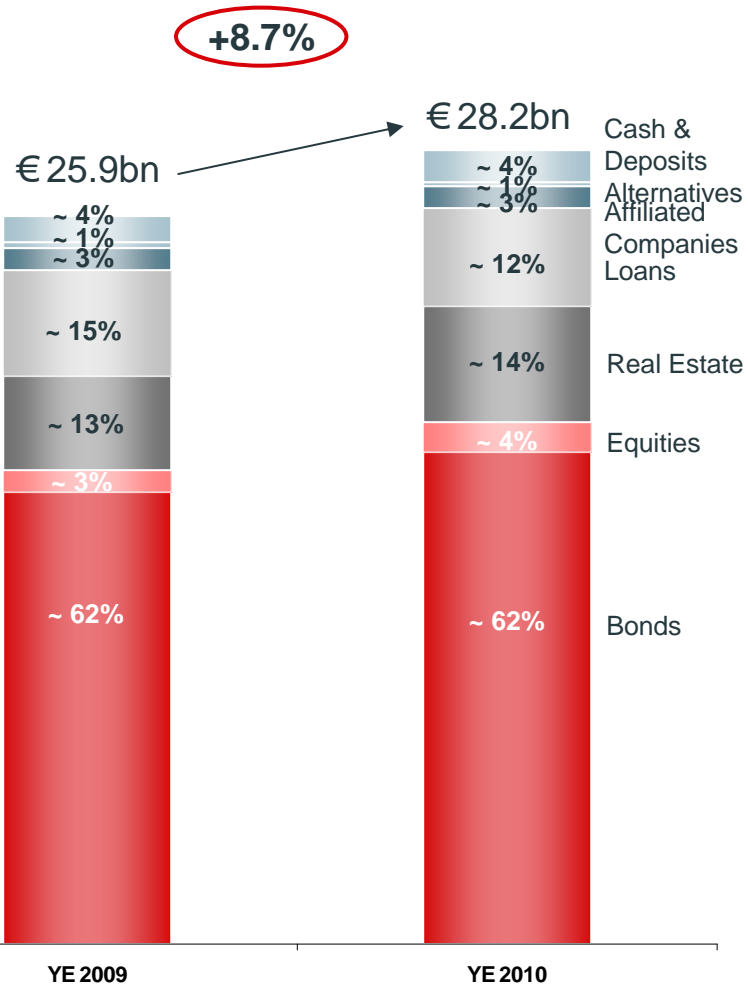
<b>Total Financial Result</b>	<b>178,202</b>	<b>164,919</b>	<b>919,502</b>	<b>748,361</b>	<b>18,732</b>	<b>15,842</b>	<b>1,116,436</b>	<b>929,122</b>
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# YE 2010 Investment Split

## VIG follows a consistent investment approach

Appendix



### Investment strategy

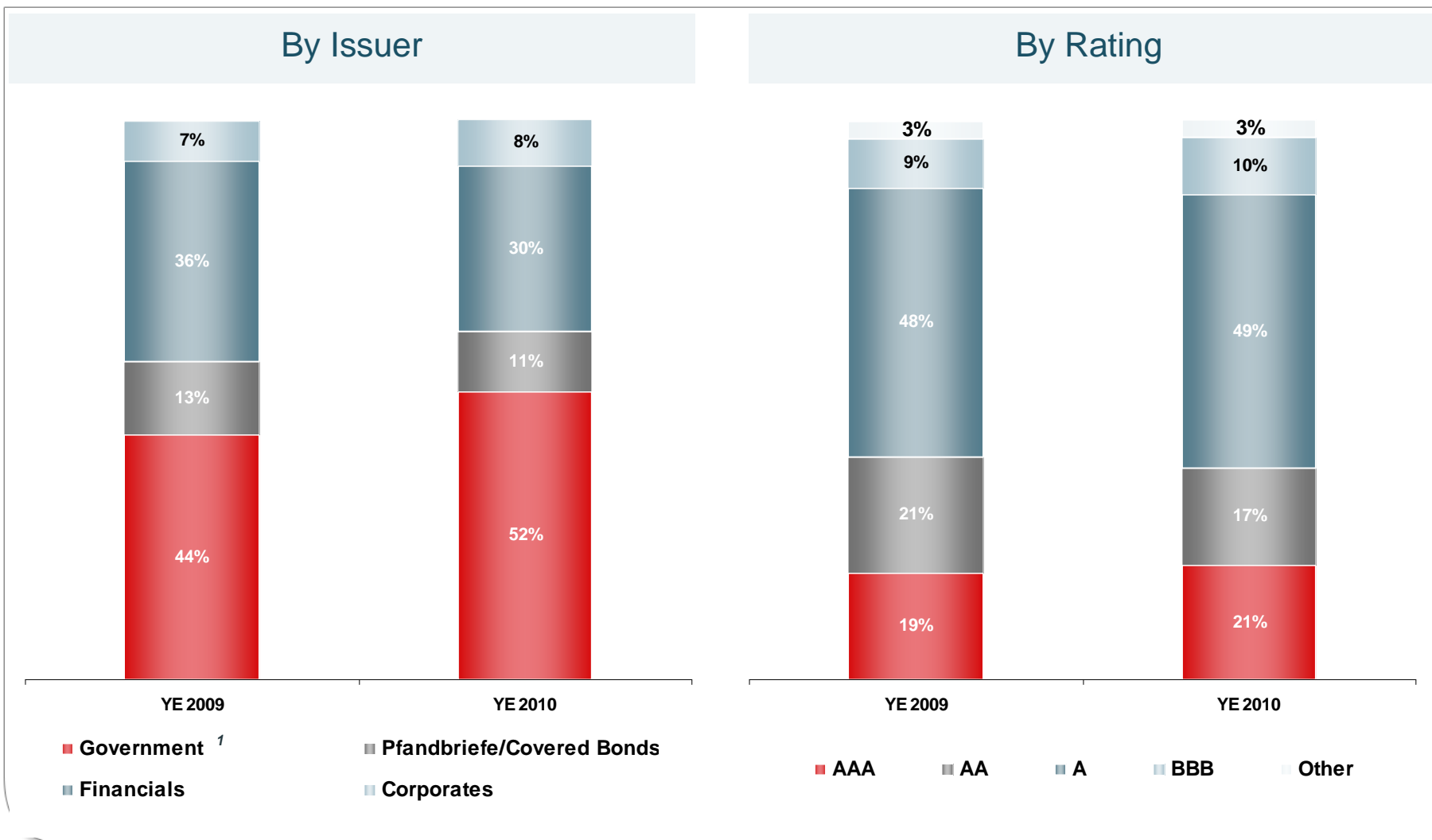
- ▶ Average guaranteed interest rate of total life book of 3.14% at YE 2010; newly issued policies offer lower guaranteed interest rates
- ▶ Real estate portfolio of VIG offering attractive running yield of about 6% (more than €500mn unrealised gains)

- ▶ Intention to further increase real estate investments
- ▶ Further investments into high quality CEE sovereign bonds
- ▶ Acquisition of good quality corporate bonds (defensive sectors)
- ▶ Moderate increase of equity ratio

# Development of Bond Portfolio

VIG follows a consistent investment approach

Appendix



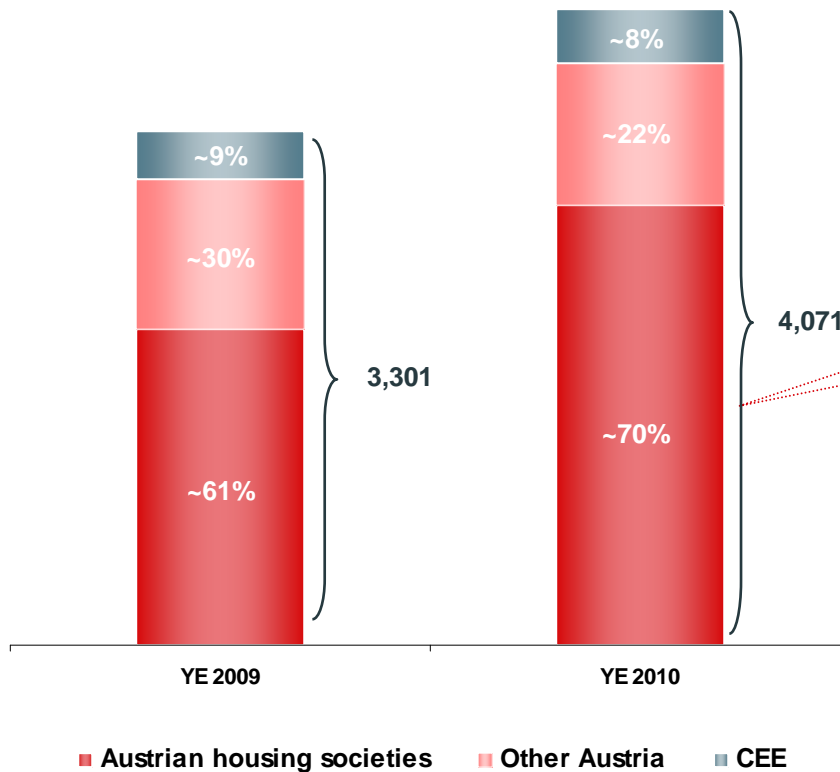
1: Government and government guaranteed

# Composition of Real Estate

## Increase from consolidation of a further housing society

Appendix

### Real Estate (€mn)



- ▶ Nearly 70% of real estate with regulated Austrian housing societies
- ▶ Entities are governed by a specific legal framework
- ▶ Rents are subsidised by government => low vacancies
- ▶ Residents are VIG insurance clients

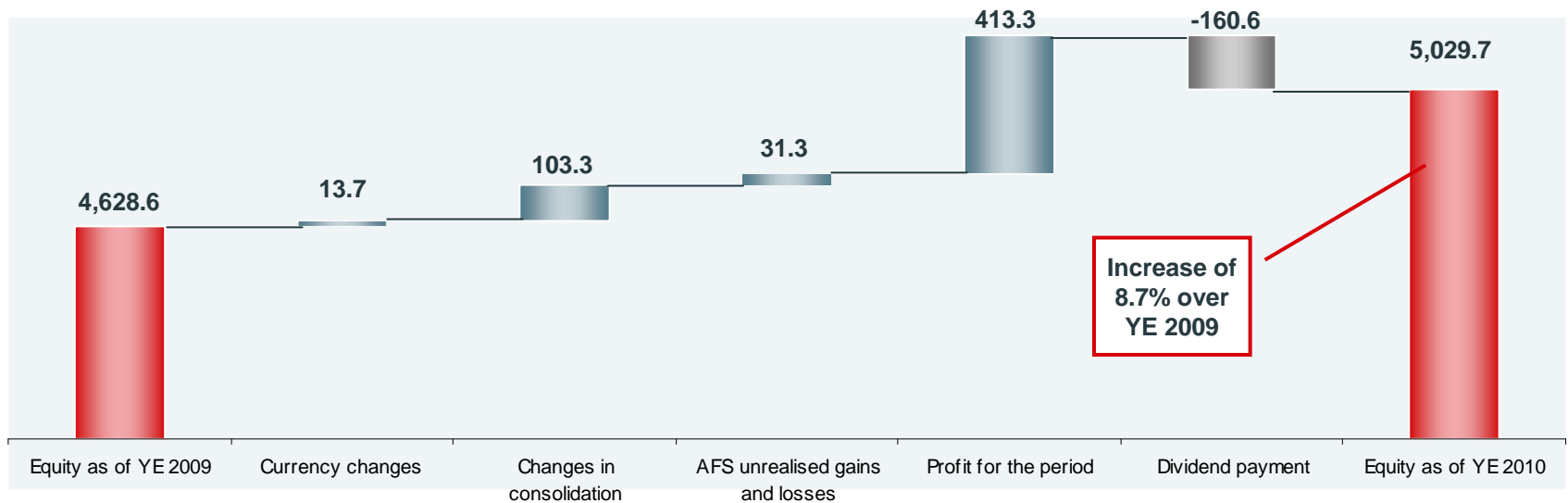
- ▶ 92% of total real estate portfolio invested in Austria, remaining 8% invested in CEE, mainly used by VIG (offices)
- ▶ Hidden reserves (market value over book value) of more than €500mn (excl. housing societies)

# YE 2010 Shareholders' Equity

## Shareholders' equity supports strong capitalisation

Appendix

Change in Group Shareholders' Equity (€mn)



- ▶ YE 2010: VIG has a Solvency I ratio of more than 220%
- ▶ Management clearly wants to maintain capitalisation which supports S&P rating level of at least A+

# YE 2010 P&L – Business Segments

## Property & Casualty, IFRS (€mn)

Appendix

€mn	YE 2010	YE 2009	+/-%
1. Gross premiums written	4,350.0	4,206.7	3.4
2. Net earned premiums	3,644.3	3,457.7	5.4
3. Financial result	178.2	164.9	8.1
4. Other income	61.7	77.3	-20.2
<b>Total income</b>	<b>3,884.2</b>	<b>3,699.9</b>	<b>5.0</b>
6. Expenses for claims and insurance benefits	-2,437.5	-2,257.2	8.0
7. Operating expenses	-1,046.8	-973.7	7.5
8. Other expenses	-177.2	-230.2	-23.0
<b>Total expenses</b>	<b>-3,661.5</b>	<b>-3,461.1</b>	<b>5.8</b>
<b>Profit before taxes</b>	<b>222.7</b>	<b>238.9</b>	<b>-6.8</b>

# YE 2010 P&L – Business Segments

Life, IFRS (€mn)

Appendix

€mn	YE 2010	YE 2009	+/-%
1. Gross premiums written	3,904.8	3,491.2	11.8
2. Net earned premiums	3,875.8	3,464.0	11.9
3. Financial result	919.5	748.4	22.9
4. Other income	31.4	47.6	-34.0
<b>Total income</b>	<b>4,826.7</b>	<b>4,259.9</b>	<b>13.3</b>
6. Expenses for claims and insurance benefits	-3,821.2	-3,347.1	14.2
7. Operating expenses	-672.9	-639.1	5.3
8. Other expenses	-84.1	-96.0	-12.4
<b>Total expenses</b>	<b>-4,578.2</b>	<b>-4,082.1</b>	<b>12.2</b>
<b>Profit before taxes</b>	<b>248.5</b>	<b>177.8</b>	<b>39.8</b>

# YE 2010 P&L – Business Segments

Health, IFRS (€mn)

Appendix

€mn	YE 2010	YE 2009	+/-%
1. Gross premiums written	338.2	321.4	5.2
2. Net earned premiums	340.3	320.7	6.1
3. Financial result	18.7	15.8	18.2
4. Other income	0.7	0.1	>100
<b>Total income</b>	<b>359.7</b>	<b>336.6</b>	<b>6.9</b>
6. Expenses for claims and insurance benefits	-282.6	-272.9	3.6
7. Operating expenses	-40.2	-36.7	9.6
8. Other expenses	-0.3	-2.4	-85.8
<b>Total expenses</b>	<b>-323.1</b>	<b>-311.9</b>	<b>3.6</b>
<b>Profit before taxes</b>	<b>36.6</b>	<b>24.6</b>	<b>48.7</b>

# YE 2010 P&L – Split by Regions (I)

## Regional segments, IFRS (€mn)

Appendix

€mn	Austria			Czech Republic		
	YE 2010	YE 2009	+/-%	YE 2010	YE 2009	+/-%
1. Gross premiums written	4,041.1	3,874.2	4.3	1,756.5	1,603.3	9.6
2. Net earned premiums	3,701.9	3,529.6	4.9	1,615.6	1,441.0	12.1
3. Financial result	792.8	682.3	16.2	119.3	82.2	45.2
4. Other income	30.5	16.1	89.5	21.1	20.8	1.8
<b>Total income</b>	<b>4,525.3</b>	<b>4,228.0</b>	<b>7.0</b>	<b>1,756.0</b>	<b>1,543.9</b>	<b>13.7</b>
6. Expenses for claims/benefits	-3,593.5	-3,274.6	9.7	-1,124.0	-999.5	12.5
7. Operating expenses	-648.8	-606.4	7.0	-395.4	-359.1	10.1
8. Other expenses	-32.1	-99.6	-67.8	-69.3	-62.4	11.1
<b>Total expenses</b>	<b>-4,274.4</b>	<b>-3,980.6</b>	<b>7.4</b>	<b>-1,588.7</b>	<b>-1,421.0</b>	<b>11.8</b>
<b>Profit before taxes</b>	<b>250.9</b>	<b>247.5</b>	<b>1.4</b>	<b>167.3</b>	<b>122.9</b>	<b>36.1</b>
<b>Combined Ratio</b>	<b>97.2%</b>	<b>96.0%</b>		<b>93.3%</b>	<b>91.2%</b>	



# YE 2010 P&L – Split by Regions (II)

## Regional segments, IFRS (€mn)

Appendix

€mn	Slovakia			Poland			Romania		
	YE 2010	YE 2009	+/-%	YE 2010	YE 2009	+/-%	YE 2010	YE 2009	+/-%
1. Gross premiums written	647.9	628.4	3.1	747.7	548.3	36.4	528.1	606.7	-13.0
2. Net earned premiums	594.4	552.8	7.5	682.9	496.2	37.6	480.6	550.6	-12.7
3. Financial result	42.5	37.4	13.7	55.2	40.4	36.7	41.2	25.2	63.6
4. Other income	7.9	24.3	-67.6	6.1	3.8	61.4	14.2	22.5	-36.6
<b>Total income</b>	<b>644.8</b>	<b>614.5</b>	<b>4.9</b>	<b>744.2</b>	<b>540.4</b>	<b>37.7</b>	<b>536.0</b>	<b>598.2</b>	<b>-10.4</b>
6. Expenses for claims/benefits	-467.1	-437.6	6.7	-454.8	-282.3	61.1	-324.7	-385.5	-15.8
7. Operating expenses	-92.2	-91.6	0.6	-254.1	-217.0	17.1	-152.2	-171.5	-11.3
8. Other expenses	-48.2	-62.3	-22.6	-11.0	-13.7	-19.2	-30.6	-16.9	80.9
<b>Total expenses</b>	<b>-607.5</b>	<b>-591.5</b>	<b>2.7</b>	<b>-720.0</b>	<b>-512.9</b>	<b>40.4</b>	<b>-507.5</b>	<b>-574.0</b>	<b>-11.6</b>
<b>Profit before taxes</b>	<b>37.3</b>	<b>23.0</b>	<b>62.2</b>	<b>24.2</b>	<b>27.4</b>	<b>-11.8</b>	<b>28.5</b>	<b>24.2</b>	<b>17.9</b>
<b>Combined Ratio</b>	<b>92.8%</b>	<b>90.8%</b>		<b>105.0%</b>	<b>100.5%</b>		<b>101.1%</b>	<b>99.3%</b>	

# YE 2010 P&L – Split by Regions (III)

## Regional segments, IFRS (€mn)

Appendix

€mn	Remaining			TOTAL		
	YE 2010	YE 2009	+/-%	YE 2010	YE 2009	+/-%
1. Gross premiums written	871.7	758.5	14.9	8,593.0	8,019.3	7.2
2. Net earned premiums	785.0	672.2	16.8	7,860.4	7,242.3	8.5
3. Financial result	65.4	61.7	6.0	1,116.4	929.1	20.2
4. Other income	13.9	37.5	-62.9	93.8	125.0	-24.9
<b>Total income</b>	<b>864.3</b>	<b>771.4</b>	<b>12.0</b>	<b>9,070.6</b>	<b>8,296.4</b>	<b>9.3</b>
6. Expenses for claims/benefits	-577.2	-497.6	16.0	-6,541.3	-5,877.2	11.3
7. Operating expenses	-217.1	-203.8	6.6	-1,759.9	-1,649.4	6.7
8. Other expenses	-70.4	-73.7	-4.6	-261.6	-328.6	-20.4
<b>Total expenses</b>	<b>-864.8</b>	<b>-775.2</b>	<b>11.6</b>	<b>-8,562.9</b>	<b>-7,855.1</b>	<b>9.0</b>
<b>Profit before taxes</b>	<b>-0.4</b>	<b>-3.8</b>	<b>na</b>	<b>507.8</b>	<b>441.2</b>	<b>15.1</b>
<b>Combined Ratio</b>	<b>107.2%</b>	<b>105.9%</b>		<b>98.4%</b>	<b>96.3%</b>	

# YE 2010 Results by Country

IFRS (€mn)

Appendix

€mn	GWP Non-Life		Life GWP		GWP Total		Profit before Taxes		Net Combined Ratio	
	YE 2010	YE 2009	YE 2010	YE 2009	YE 2010	YE 2009	YE 2010	YE 2009	YE 2010	YE 2009
Austria	1,894.4	1,888.7	2,146.7	1,985.4	4,041.1	3,874.2	250.9	247.5	97.2%	96.0%
Czech Rep.	1,004.4	975.5	752.2	627.8	1,756.5	1,603.3	167.3	122.9	93.3%	91.2%
Slovakia	307.0	333.4	340.9	295.0	647.9	628.4	37.3	23.0	92.8%	90.8%
Poland	559.4	384.1	188.3	164.2	747.7	548.3	24.2	27.4	105.0%	100.5%
Romania	434.9	519.4	93.2	87.2	528.0	606.7	28.5	24.2	101.1%	99.3%
Remaining	488.1	427.0	383.6	331.5	871.7	758.5	-0.5	-3.8	107.2%	105.9%
<i>Hungary</i>	45.7	40.2	84.3	78.1	129.9	118.3	5.3	4.8	92.0%	97.5%
<i>Croatia</i>	43.5	47.8	61.3	60.5	104.8	108.3	2.3	-12.3	104.1%	109.5%
<i>Serbia</i>	30.6	27.0	22.9	21.1	53.4	48.1	3.1	1.4	96.3%	100.8%
<i>Bulgaria</i>	113.5	131.4	13.6	13.6	127.1	145.0	-17.2	0.9	120.0%	104.4%
<i>Ukraine</i>	41.8	20.5	1.5	1.1	43.3	21.6	-5.3	-16.7	109.0%	190.9%
<i>Turkey</i>	97.0	67.9	-	-	97.0	67.9	-6.1	-6.1	109.9%	118.7%
<i>Georgien</i>	20.5	-	-	-	20.5	-	1.7	-	138.0%	0.0%
<i>Baltics</i>	-	-	17.0	16.6	17.0	16.6	1.0	1.3	-	-
<i>Albania</i>	16.2	15.8	-	-	16.2	15.8	2.7	2.8	85.9%	85.4%
<i>Macedonia</i>	6.1	5.0	-	-	6.1	5.0	0.2	0.1	95.8%	94.9%
<i>Netherlands</i>	-	-	-	-	-	-	-7.6	-	-	-
<i>Liechtenstein</i>	-	-	118.9	81.0	118.9	81.0	0.8	1.1	-	-
<i>Germany</i>	73.2	71.4	64.2	59.6	137.4	131.0	18.6	18.9	86.1%	83.8%
<b>Total</b>	<b>4,688.2</b>	<b>4,528.1</b>	<b>3,904.8</b>	<b>3,491.2</b>	<b>8,593.0</b>	<b>8,019.3</b>	<b>507.8</b>	<b>441.3</b>	<b>98.4%</b>	<b>96.3%</b>

# Change in Group Shareholders' Equity

IFRS (€ '000)

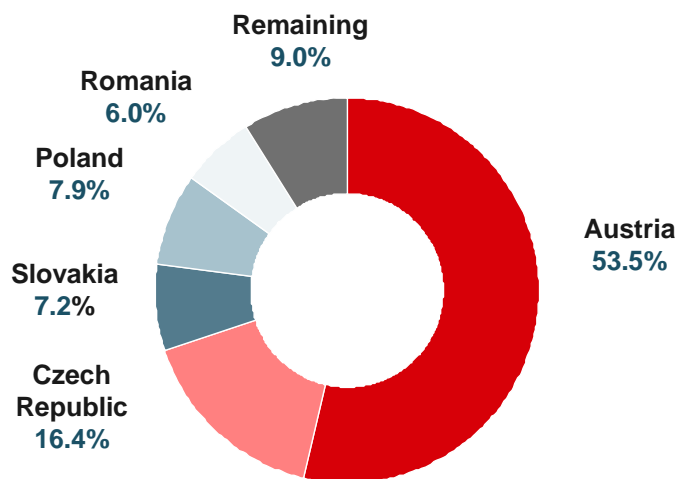
Appendix

	1.1. - 31.12.2010	1.1. - 31.12.2009
Equity as of 1 January	4,628,573	4,138,790
Exchange rate changes	13,721	-7,276
Changes in scope of consolidation	103,341	2,659
Capital increase	-	250,000
Unrealised gains and losses from financial instruments available for sale	31,344	174,047
Profit for the period	413,250	363,713
Dividend payment	-160,582	-293,360
<b>Equity as of 31 December</b>	<b>5,029,647</b>	<b>4,628,573</b>

## Basis of business origination substantially widened

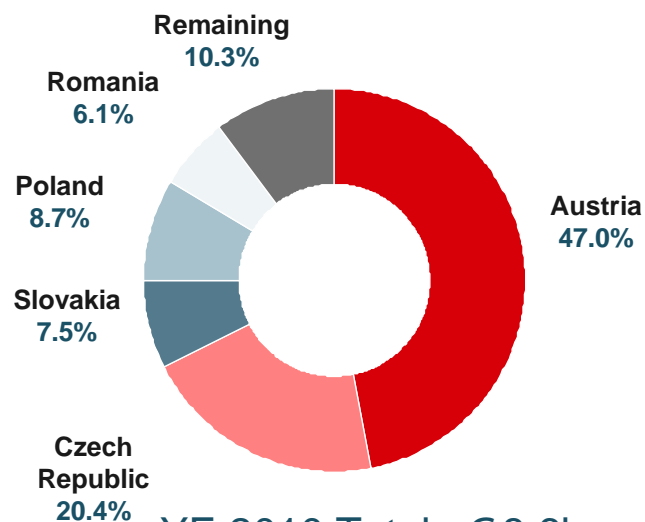
Appendix

### GWP by Geography YE 07



YE 2007 Total: € 6.9bn

### GWP by Geography YE 10



YE 2010 Total: € 8.6bn

- ▶ **VIG has gained a much wider geographical scope of premium origination within a relatively short period**
- ▶ **Non-life business (55%) still dominates portfolio (influenced by CEE, in Austria even split)**

# Life Insurance Premium Split

IFRS (€mn)

Appendix

Premiums written - direct business	YE 2010	YE 2009	+/- %
Regular premiums	2,217.3	2,144.1	3.4%
Single premiums	1,673.4	1,332.5	25.6%
<b>Total premiums written - direct business</b>	<b>3,890.6</b>	<b>3,476.6</b>	<b>11.9%</b>
<b>thereof:</b>			
Policies with profit participation	1,761.4	1,889.0	-6.8%
Policies without profit participation	296.7	268.7	10.4%
unit- and index-linked life insurance	1,832.5	1,318.9	38.9%

# Q4 2010 Income Statement

IFRS (€mn)

Appendix

€mn	Q4 2010	Q4 2009	+/--%
1. Gross premiums written	2,054.7	1,913.3	7.4
2. Net earned premiums	1,941.0	1,868.0	3.9
3. Financial result	220.7	201.9	9.3
4. Other income	-15.1	39.4	n/a
<b>Total income</b>	<b>2,146.6</b>	<b>2,109.3</b>	<b>1.8</b>
6. Expenses for claims and insurance benefits	-1,536.5	-1,463.1	5.0
7. Operating expenses	-448.6	-418.5	7.2
8. Other expenses	-31.5	-126.9	-75.2
<b>Total expenses</b>	<b>-2,016.5</b>	<b>-2,008.6</b>	<b>5.2</b>
<b>Profit before taxes</b>	<b>130.0</b>	<b>100.7</b>	<b>29.1</b>
Taxes	-27.1	-17.9	50.9
<b>Net profit before minorities (Profit for the period)</b>	<b>103.0</b>	<b>82.8</b>	<b>24.3</b>
Minorities	-14.2	-5.4	>100
<b>Net profit after minorites</b>	<b>88.8</b>	<b>77.4</b>	<b>14.7</b>

# YE 2010 Exchange Rates

## National currency unit per EUR

Appendix

YE 2010			
Country	Curr.	Balance Sheet EUR	P & L EUR
Bulgaria	EUR/BGN	1.9558	1.9558
Croatia	EUR/HRK	7.3830	7.2891
Estonia	EUR/EEK	15.6466	15.6466
Liechtenstein	EUR/CHF	1.2504	1.3803
Poland	EUR/PLN	3.9750	3.9947
Romania	EUR/RON	4.2620	4.2122
Serbia	EUR/CSD	105.4986	103.0429
Slovakia	EUR <sup>1</sup>	-	-
Czech Republic	EUR/CZK	25.0610	25.2840
Hungary	EUR/HUF	277.9476	275.4821
Turkey	EUR/TRY	2.0694	1.9965
Ukraine	EUR/UAH	10.5731	10.5201
Albania	EUR/ALL	138.7694	138.0472
Macedonia	EUR/MKD	61.5052	61.5260
Georgia	EUR/GEL	2.3500	2.3562

YE 2009	
Balance Sheet EUR	P & L EUR
1.9558	1.9558
7.3000	7.3400
15.6466	15.6466
1.4836	1.5100
4.1045	4.3276
4.2363	4.2399
95.8892	93.9514
-	-
26.4730	26.4349
270.4164	280.3241
2.1547	2.1631
11.4489	10.8889
137.9596	132.6559
61.1733	61.2726
-	-

<sup>1</sup>: Introduction of Euro as of January 2009



# Group Embedded Value 2010

## Results (€mn)

Appendix

	L&H		P&C		Total	
	2010	2009 (*)	2010	2009 (*)	2010	2009 (*)
<b>Austria / Germany</b>						
Free Surplus	342.8	207.8				
Required Capital	394.1	381.4				
ANAV	736.9	589.1	-197.4	73.9	539.5	663.0
PVFP	1,484.8	1,444.0			1,484.8	1,444.0
- TVFOG	-222.0	-185.7			-222.0	-185.7
- CoC/FCRC	-48.9	-49.3			-48.9	-49.3
- CRNHR	-99.2	-105.7			-99.2	-105.7
VIF	1,114.7	1,103.2			1,114.7	1,103.2
<b>Subtotal A/G</b>	<b>1,851.6</b>	<b>1,692.4</b>	<b>-197.4</b>	<b>73.9</b>	<b>1,654.2</b>	<b>1,766.3</b>
<b>CEE</b>						
Free Surplus	461.5	278.6				
Required Capital	216.7	184.8				
ANAV	678.2	463.4	1,858.1	1,706.6	2,536.3	2,170.0
PVFP	1,004.9	840.6			1,004.9	840.6
- TVFOG	-55.0	-50.4			-55.0	-50.4
- CoC/FCRC	-15.2	-15.3			-15.2	-15.3
- CRNHR	-62.5	-43.8			-62.5	-43.8
VIF	872.2	731.1			872.2	731.1
<b>Subtotal CEE</b>	<b>1,550.4</b>	<b>1,194.5</b>	<b>1,858.1</b>	<b>1,706.6</b>	<b>3,408.5</b>	<b>2,901.1</b>
<b>Total</b>	<b>3,402.0</b>	<b>2,886.9</b>	<b>1,660.7</b>	<b>1,780.5</b>	<b>5,062.7</b>	<b>4,667.4</b>

(\*) The results shown above are after restatement

## Remarks

- ▶ All results are based on local GAAP
- ▶ GEV reflects the present value of amounts deemed to be distributable to shareholders
- ▶ EEV is based on stochastic cash flow projections using market consistent capital market scenarios and an allowance for liquidity premiums. The EEV allows for management actions (e.g. in respect of profit participation and asset allocation) and policyholder behaviour
- ▶ Assumed policyholder profit participation allows for local supervisory laws and contractual agreements and current company practice
- ▶ Best estimate actuarial assumptions for expenses, mortality, etc.
- ▶ ANAV for P&C includes Surplus in Claims Reserves based on undiscounted

### Scope of GEV-Reporting:

- ▶ Group Embedded Value (GEV) calculated as Life & Health (L&H) EEV plus Adjusted Net Asset Value (ANAV) for Property & Casualty (P&C)
- ▶ Change to EEV for all companies formerly on TEV basis: Interrisk (DE), Erste Osiguranje (HR), Union and Erste Biztosito (HU), Compensa Life and Benefia Life (PL), BCR Life (RO) PCS in Czech Republic and PSLSP in Slovakia: Change from TEV to EEV
- ▶ Calculation of EEV and ANAV for the first time: VIG RE (CZ) and Komunalna (SK)
- ▶ Inclusion of VIG Holding company
- ▶ Methodology, assumptions and calculations reviewed by B&W Deloitte GmbH, Cologne

## Return on Adjusted Embedded Value (€mn)

Appendix

	L&H		P&C		Total	
<b>Austria / Germany</b>						
EV Dec 31, 2010	1,851.6		-197.4		1,654.2	
EV Dec 31, 2009 Reported	1,684.2		73.3		1,757.5	
EV Dec 31, 2009 Restated	1,692.4		73.9		1,766.3	
EV Dec 31, 2009 Restated and	1,772.0		-142.0		1,630.0	
Dividends	-52.1		63.7		11.6	
Closing Adjustments	0.0		-46.3		-46.3	
<i>Return on EV</i>	<i>79.6</i>	<i>4.5%</i>	<i>-9.1</i>	<i>-6.4%</i>	<i>70.5</i>	<i>4.3%</i>
<b>CEE</b>						
EV Dec 31, 2010	1,550.4		1,858.1		3,408.5	
EV Dec 31, 2009 Reported	1,093.3		1,734.4		2,827.7	
EV Dec 31, 2009 Restated	1,194.5		1,706.6		2,901.1	
EV Dec 31, 2009 Restated and	1,316.9		1,692.2		3,009.1	
Dividends	-24.2		-102.7		-126.9	
Closing Adjustments	0.0		46.3		46.3	
<i>Return on EV</i>	<i>233.5</i>	<i>17.7%</i>	<i>119.6</i>	<i>7.1%</i>	<i>353.1</i>	<i>11.7%</i>
<b>Return on Total GEV</b>	<b>313.1</b>	<b>10.1%</b>	<b>110.5</b>	<b>7.1%</b>	<b>423.6</b>	<b>9.1%</b>

### Change in Methodology and Assumptions

- ▶ The reference rates used for the EEV calculations are based on the corresponding swap rates at December 31, 2010 and include a liquidity spread of 25 bp for all terms
- ▶ Volatilities used to calibrate the economic scenario generator are based on market implied volatilities as at December 31, 2010
- ▶ All results shown after minorities and tax
- ▶ GEV allows for all consolidation effects

**In YE 2010 P&C surplus in claims reserve increased by 9.7% to €482.3mn**

# Group Embedded Value 2010

## New Business Values (€mn)

Appendix

Austria / Germany	2010	2009 (*)	+ / - %
NBV	49.8	51.5	- 3.3%
APE	216.5	203.8	+ 6.3%
PVNBP	2,045.1	1,987.5	+ 2.9%
<b>APE-Ratio</b>	<b>23.0%</b>	<b>25.3%</b>	<b>- 9.0%</b>
<b>PVNBP-Ratio</b>	<b>2.4%</b>	<b>2.6%</b>	<b>- 6.1%</b>
CEE	2010	2009 (*)	+ / - %
NBV	148.9	81.6	+ 82.4%
APE	224.3	178.8	+ 25.4%
PVNBP	1,506.8	1,140.3	+ 32.1%
<b>APE-Ratio</b>	<b>66.4%</b>	<b>45.7%</b>	<b>+ 45.4%</b>
<b>PVNBP-Ratio</b>	<b>9.9%</b>	<b>7.2%</b>	<b>+ 38.1%</b>
Total	2010	2009 (*)	+ / - %
NBV	198.7	133.1	+ 49.3%
APE	440.8	382.6	+ 15.2%
PVNBP	3,552.0	3,127.8	+ 13.6%
<b>APE-Ratio</b>	<b>45.1%</b>	<b>34.8%</b>	<b>+ 29.5%</b>
<b>PVNBP-Ratio</b>	<b>5.6%</b>	<b>4.3%</b>	<b>+ 31.4%</b>

(\*) The results shown above are after restatement

### Comments

- ▶ The NBV represents the value generated by new business sold during the reporting period
- ▶ Significant increase of life insurance business in CEE
- ▶ Stable profit margins in A/G
- ▶ Increased profitability in CEE
- ▶ 75% of NBV is now generated in CEE

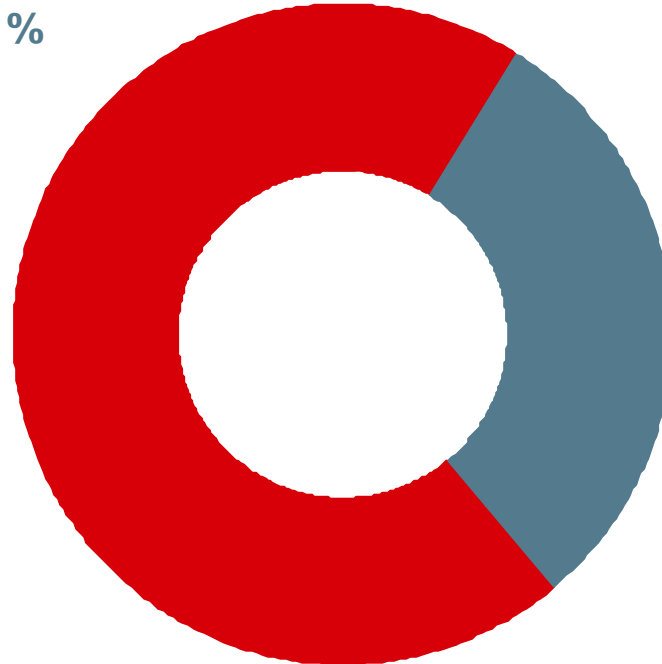
# Shareholder Structure (I)

Total number of shares 128,000,000

Appendix

**Wiener Städtische  
Wechselseitiger Versicherungsverein -  
Vermögensverwaltung – Vienna Insurance Group**

~70 %



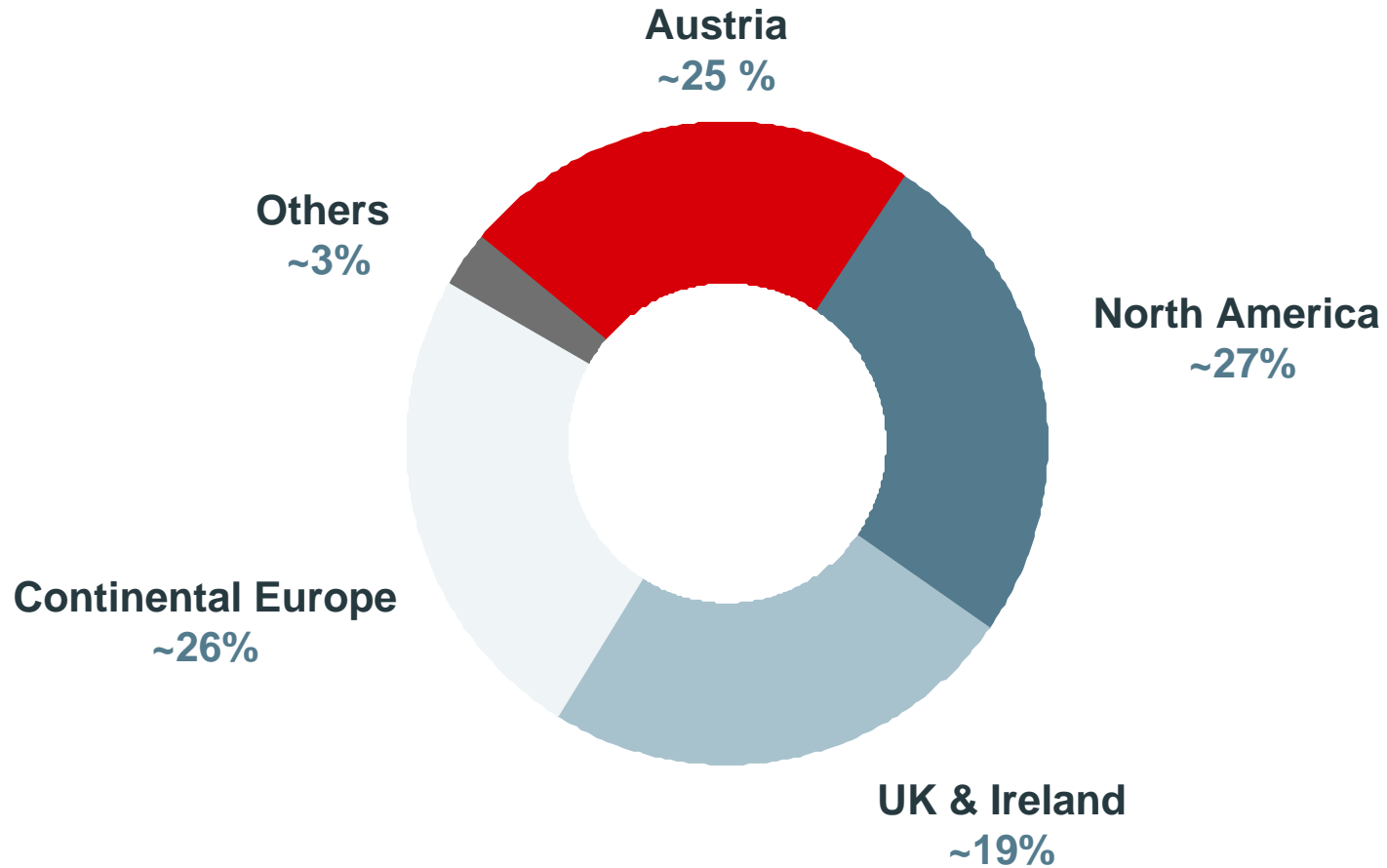
**Free Float**

~ 30 %

# Shareholder Structure (II)

## Free float split

Appendix



### VIG Share

- ▶ Number of common shares  
128mn
- ▶ ISIN  
AT0000908504
- ▶ Listing  
  
Vienna – since 17 Oct. 1994  
Prague – since 5 Feb. 2008
- ▶ Ticker symbol  
VIG
- ▶ Bloomberg  
VIG AV / VIG CP
- ▶ Reuters  
VIGR.VI / VIGR.PR

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