



## **Vienna Insurance Group - Extending the CEE insurance play**

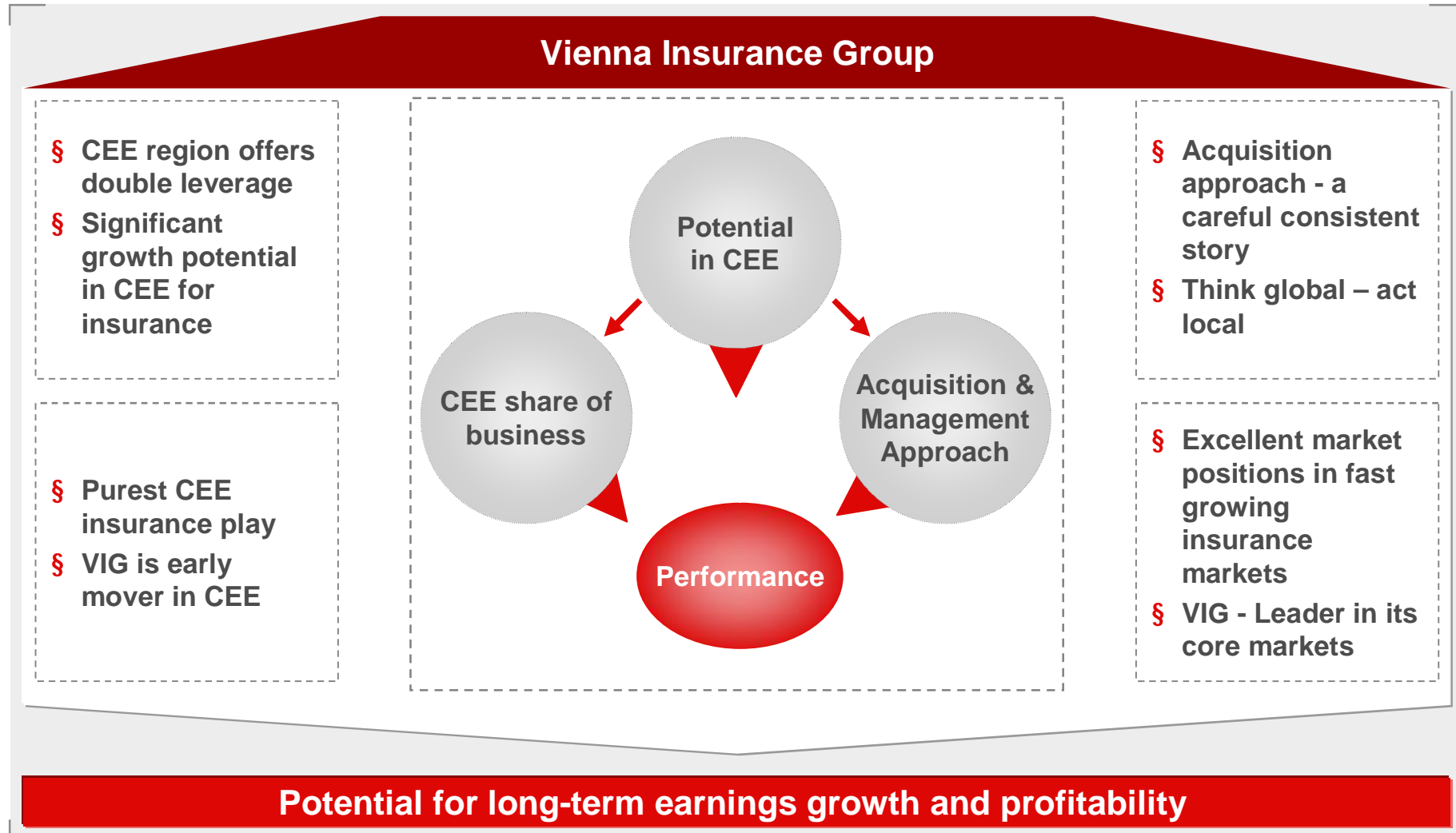
---

Erste Bank Investor Conference, Stegersbach - 3 October 2007

# VIG – Capturing CEE Insurance

The cornerstones of the VIG business model

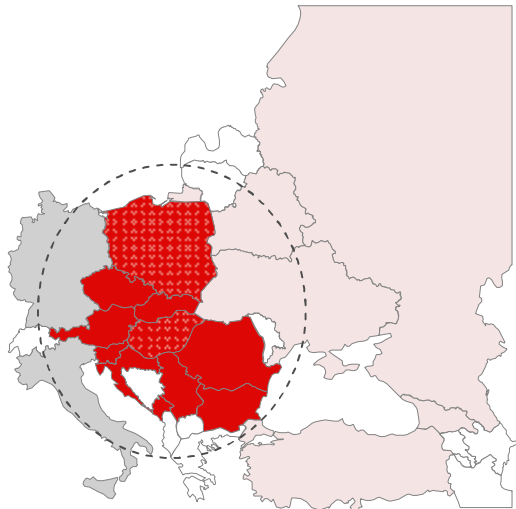
2



# Purest CEE Insurance Play

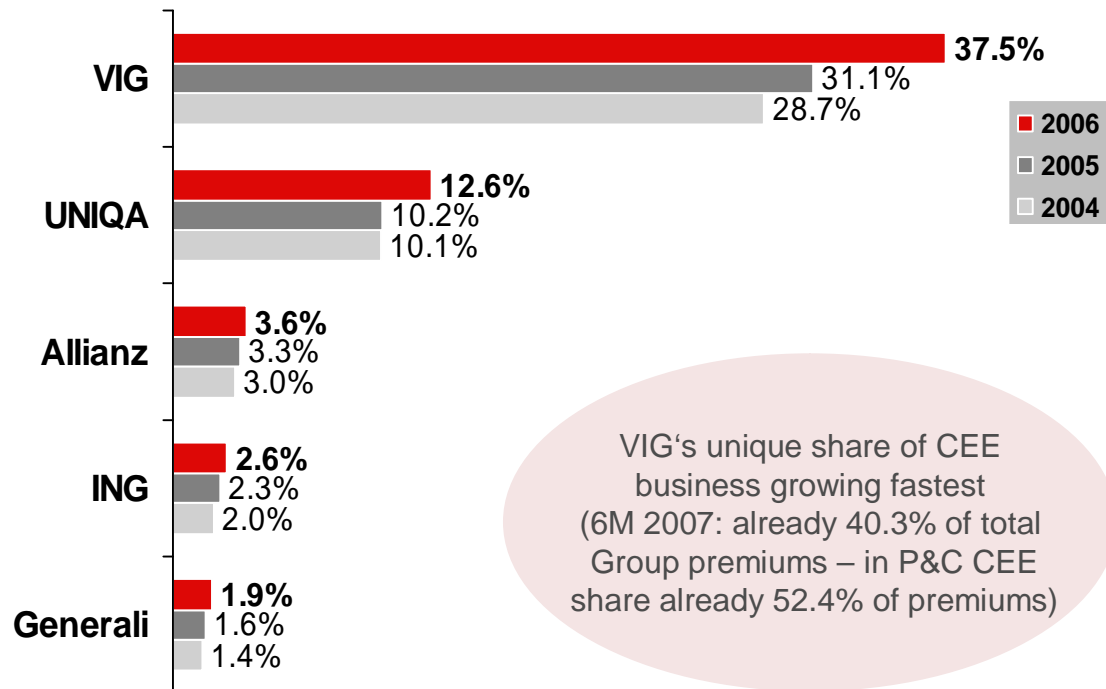
Only Vienna Insurance Group widely captures CEE potential

## Footprint



§ **VIG is the leading Austrian insurance group operating in 20 countries**

## CEE Premiums as % of Total Group Premiums



VIG's unique share of CEE business growing fastest (6M 2007: already 40.3% of total Group premiums – in P&C CEE share already 52.4% of premiums)

Source: Publicly available information; CEE share of Aviva unavailable

# VIG Has Excellent CEE Market Position



VIG is early mover in CEE

## Overview of Core Markets

Slovakia	Czech Rep.	Bulgaria	Romania
Pop.: 5.4 mn	Pop.: 10.2 mn	Pop.: 8.2 mn	Pop.: 21.6 mn
GDP/Cap.: \$ 10 k	GDP/Cap.: \$ 14 k	GDP/Cap.: \$ 4 k	GDP/Cap.: \$ 5 k
Density NL: \$ 207	Density NL: \$ 316	Density NL: \$ 88	Density NL: \$ 76
Density L: \$ 130	Density L: \$ 204	Density L: \$ 13	Density L: \$ 19
<b>Market share: 29.8%</b>	<b>Market share: 27.7%</b>	<b>Market share: 20.8%</b>	<b>Market share: 17.7%</b>
Croatia	Serbia	Poland	Hungary
Pop.: 4.6 mn	Pop.: 8.2 mn	Pop.: 38.5 mn	Pop.: 10.1 mn
GDP/Cap.: \$ 9 k	GDP/Cap.: \$ 4 k	GDP/Cap.: \$ 9 k	GDP/Cap.: \$ 11 k
Density NL: \$ 286	Density NL: \$ 69	Density NL: \$ 160	Density NL: \$ 184
Density L: \$ 82	Density L: \$ 8	Density L: \$ 151	Density L: \$ 192
<b>Market share: 7.4%</b>	<b>Market share: 6.4%</b>	<b>Market share: 4.3%</b>	<b>Market share: 2.5%</b>

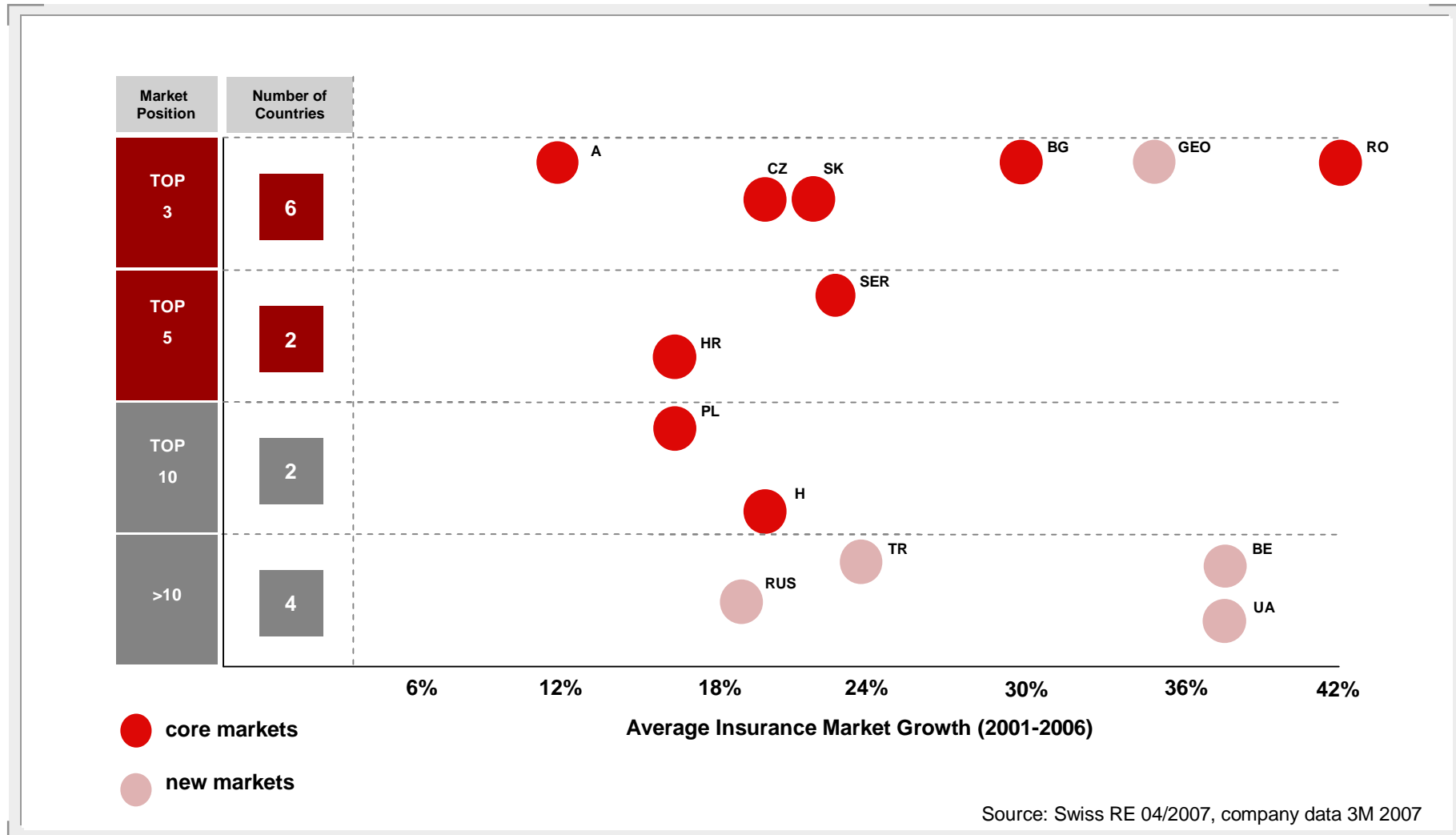
## Details

- § leading market position in nearly all core markets
- § strong market positions also in Turkey, Ukraine, Belarus, Georgia and Albania
  
- § focus on retail business
- § step-by-step market entry
- § tight operational management

Source: Swiss RE 04/2007,  
Market shares: company data, 3M 2007

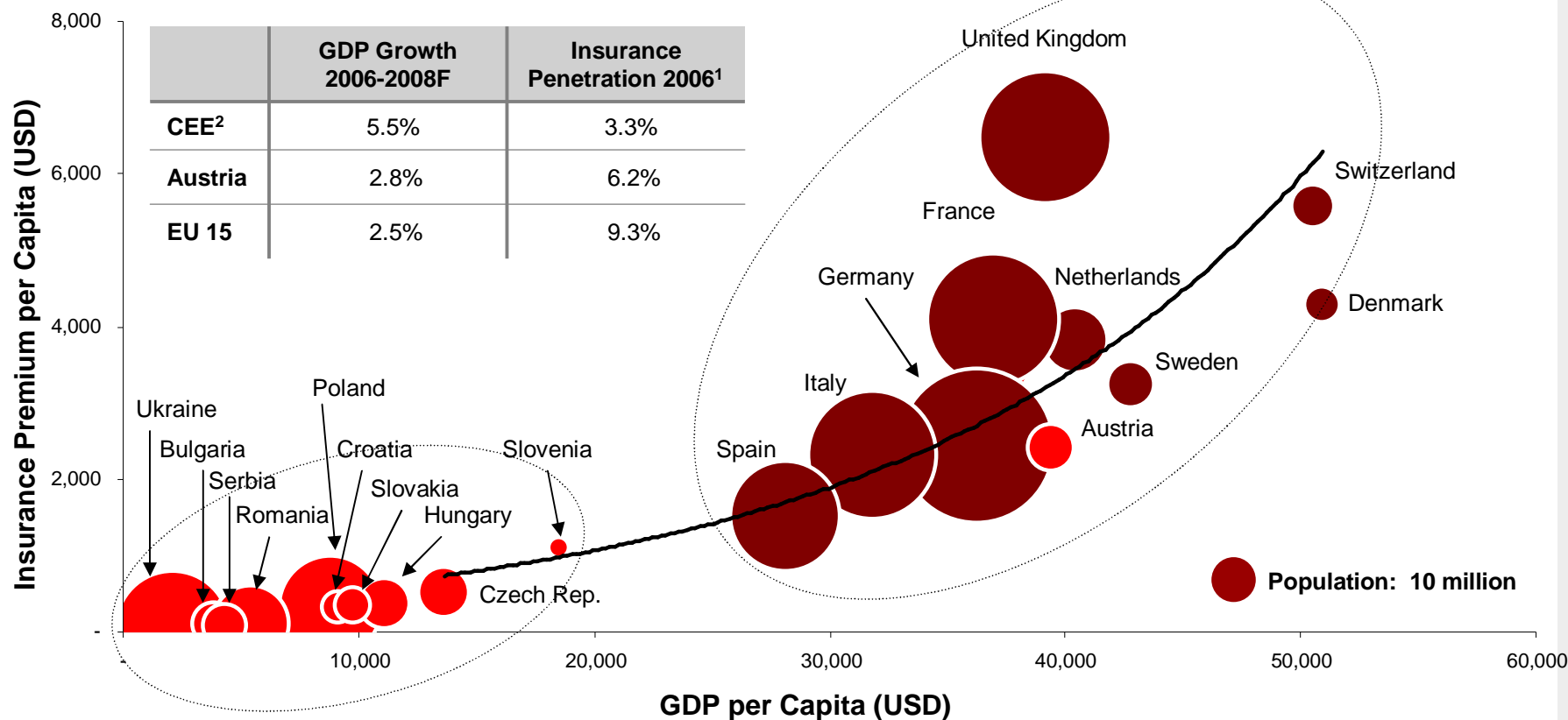
# VIG Is Well Positioned in Its Markets

Broad portfolio of insurance markets with different dynamics



# CEE Region Offers Double Leverage

Sustainable growth through GDP and insurance penetration



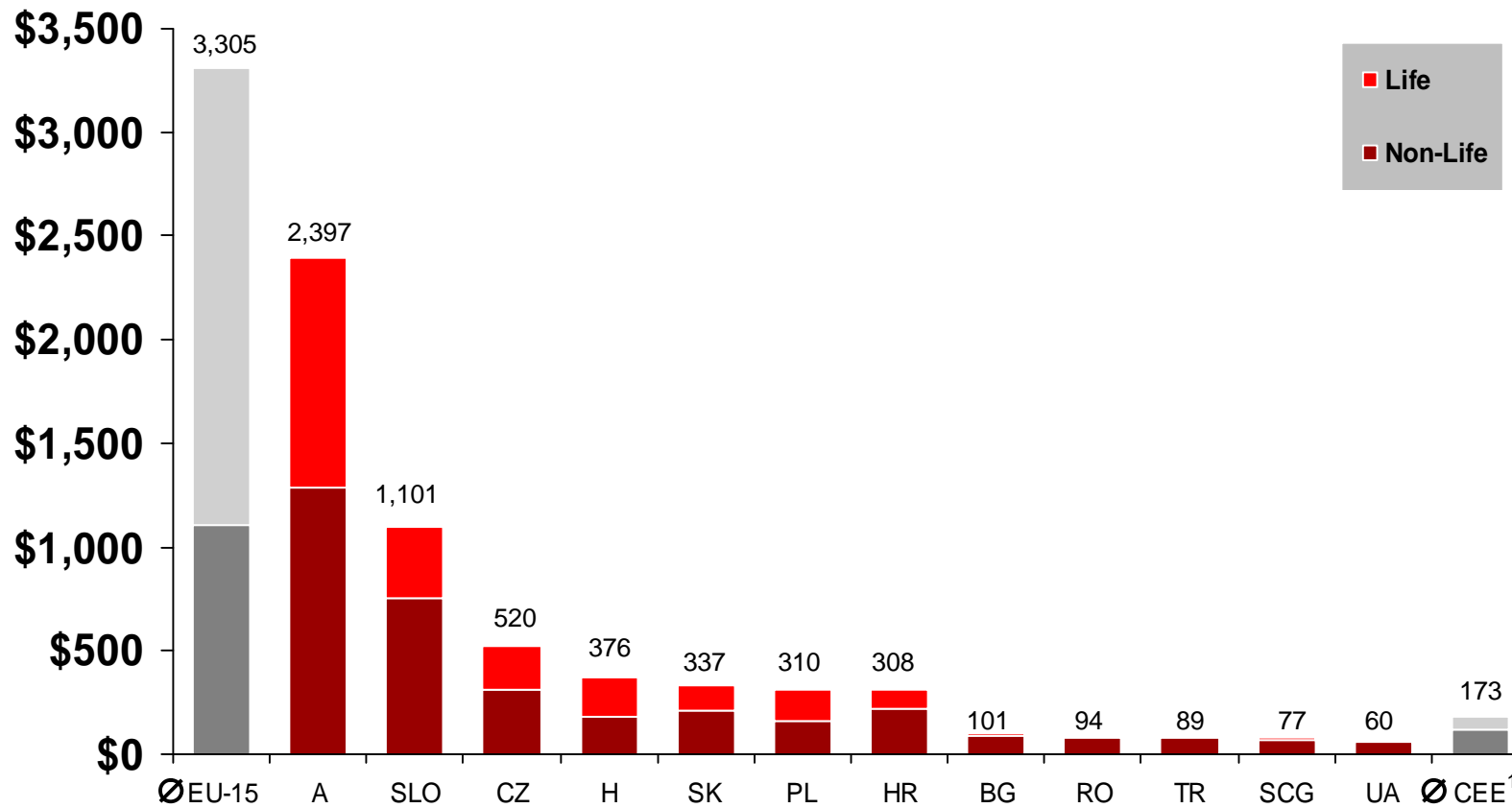
1: Premiums in % of GDP

2: Weighted averages for CEE. CEE 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)

# CEE – Underpenetrated in Insurance

Insurance Density, 2006 (Premiums per Capita)



Source: Swiss Re, Sigma Nr. 4/2007

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

# Acquisition Approach: A Success Story

Excellent track record in integrating CEE subsidiaries into the VIG

## Acquisition Process

### Basics

- § Disclosure level of target company
- § What does the company add to help us grow?
- § Potential to grab lion's share of future market growth

### Principles

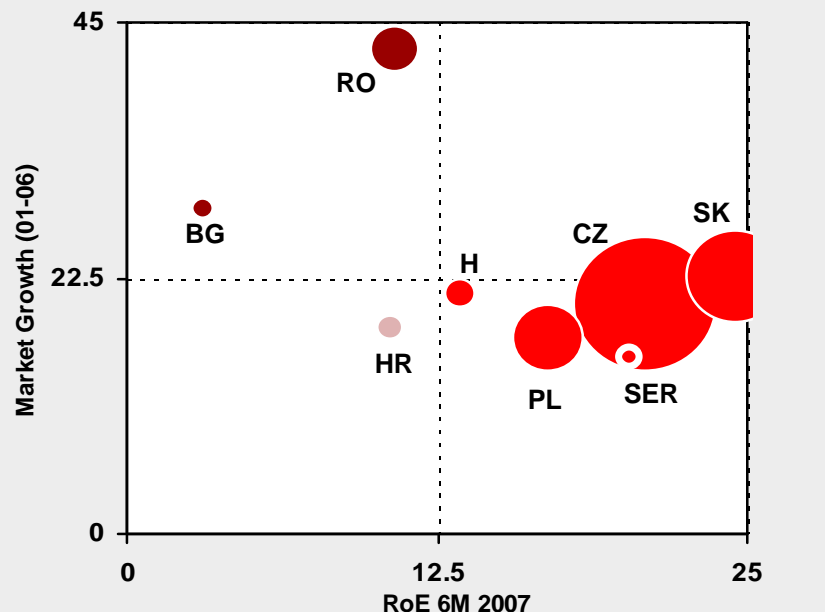
- § leveraging of local brand names and brand recognition in the context of multi-brand approach
- § strong local management with in-depth market experience and full discretionary power
- § backed by Group and supervision (re-insurance, actuarial, asset management)

### Criteria

- § further sustainable distribution access
- § Management skills

## Track Record

- § 2-4 years to reach break-even, accelerated growth of profitability thereafter
- § CEE already contributes 40 percent of premium income and more than 30 percent of Group profits





# Acquisition of Asirom

Strengthening VIIG's no.1 position in dynamic Romanian market

9

## Acquisition of Asirom\*



30 %

### Asirom

- § listed Non-life and Life insurance company with €190mn premium volume in 2006
- § 160 branches, 2,200 employees and nation-wide non-bank distribution system
- § well positioned also in Life
- § best insurance brand in Romania

## Romanian Insurance Market

Population (mn)	21.6
GDP/Capita	5,463 USD
Penetration	1.7%
Density	94.5 USD
Market Growth (01-06, CAGR)	42.8%

- § Market growth in Non-life was 40.7% yoy vs. Life growth by 15.4% yoy in 2006
- § Top-five insurance groups have a total market share of nearly 60% in Q1 2007
- § VIIG had a market share of 17.7% in Q1 2007

Source: SwissRe 04/2007

\* subject to approval of authorities

# VIG Enters two New Promising Markets

Turkey and Albania offer high growth potential

	GDP Growth 2004-2006F <sup>2</sup>	Penetration 2006	Density 2006 (USD)
EU 15	1.7%	9.3%	3,305
Austria	2.0%	6.1%	2,397
CEE <sup>1</sup>	4.2%	3.3%	173
Turkey	7.5%	1.6%	89
Albania	5.5%	0.5%	14

## Turkish market data

Population (mn)	74.2
GDP/Capita	5,431 USD
Market Growth (01-06)	26.7%

- § market growth is driven by Non-life business (+17.4% yoy)
- § 84% of insurance business is produced by agents or placed directly with insurers
- § in 2005 EU entry negotiations started with Turkey

## Albanian market data<sup>3</sup>

Population (mn)	3.6
GDP/Capita	2,993 USD
Market Growth (01-06)	8.8%

- § last European insurance market that was de-monopolised
- § market volume of €~37mn
- § booming number of contracts, market growth (~+12.0% yoy) is driven by Non-life business

# Turkey/Albania: Acquisition Details

Ray Sigorta and Sigma

11

## Acquisition of Ray Sigorta

TBIH  
(60% owned by VIG)

~75%

### Ray Sigorta

- § listed Non-life insurance company with € 136mn premium volume (+30% yoy), market share of roughly 3.3%
- § 530 insurance agents, 220 employees and nationwide distribution system

#### Details of transaction:

- § Price: € 62mn for 58.2% stake
- § after mandatory offer for 22 percent free float TBIH holds ~75% stake
- § Capital increase for a maximum total amount of € 23mn in 2007 agreed

## Acquisition of Sigma

TBIH  
(60% owned by VIG)

75%

### Sigma Sh.a

- § founded in 1998, Non-life insurance company with € 15mn premium volume in 2006, market share of roughly 18 percent
- § present in Macedonia and Kosovo, overall 25 branch offices as well as agents

#### Details of transaction:

- § Price: € 16.13mn
- § Acquisition closed

# VIG – Distribution Is Key (I)

Multi-brand policy to retain loyalty

12

## Multi-brand



## Features

- § VIG is umbrella brand
- § Local companies retain individual brands
- § Strong brand awareness in local markets
- § Retain loyalty of employees and management, customers and local agents with well established brands
- § Sales are local responsibility
- § Basis for multi-channel

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

# VIG – Distribution Is Key (II)

Multi-channel strategy to get access to customers

## Distribution Split

## 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



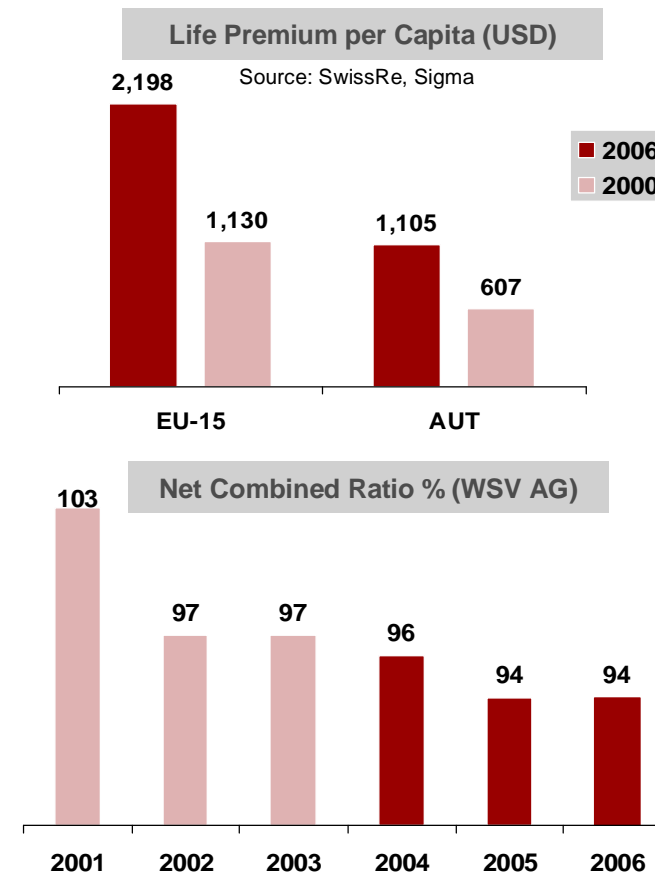
# VIG in Austria

Attractive franchise plus catch up potential in life insurance

## 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
- § 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 and pension products

## Details





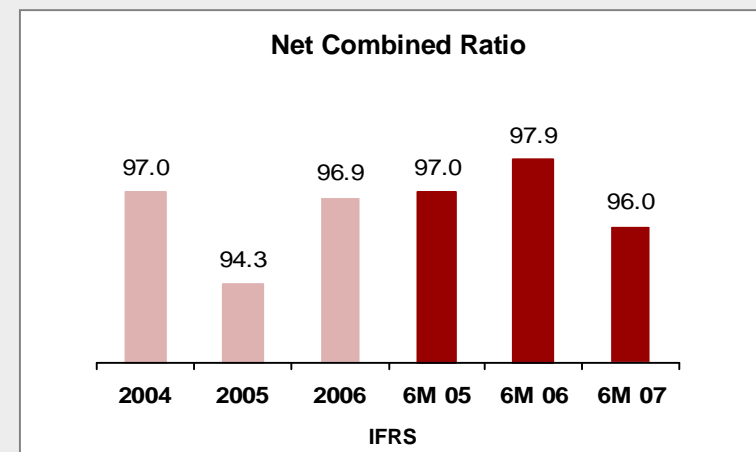
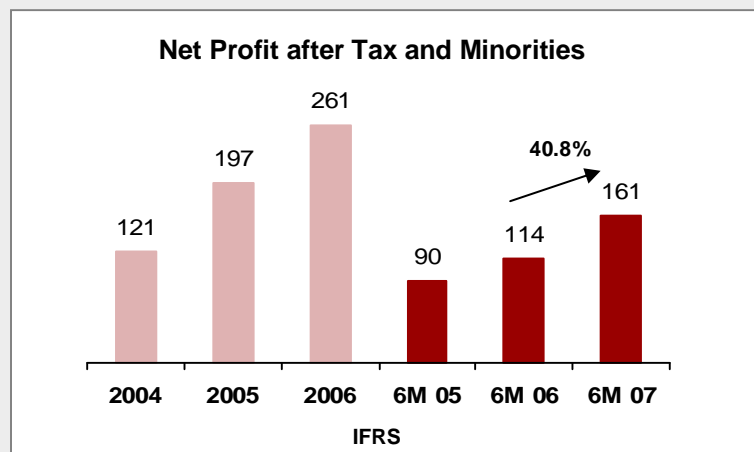
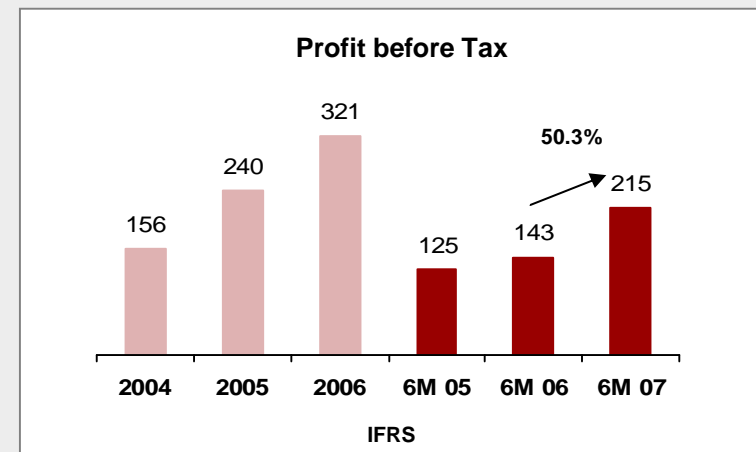
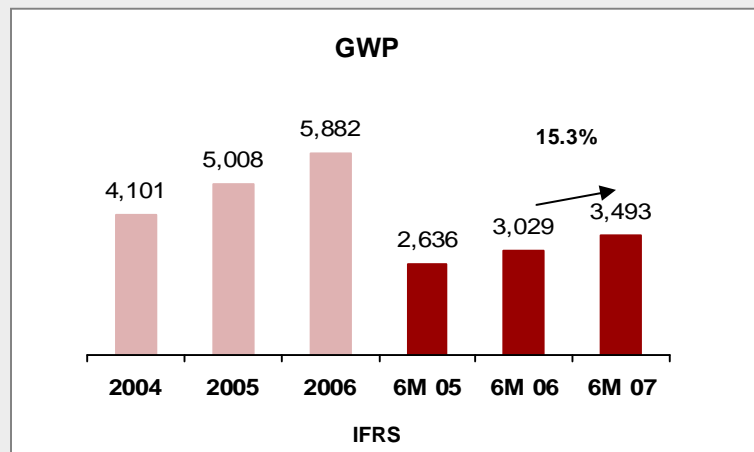
## **Vienna Insurance Group- 6M 2007 results**

---

Highlights

# 6M 2007 Highlights (I)

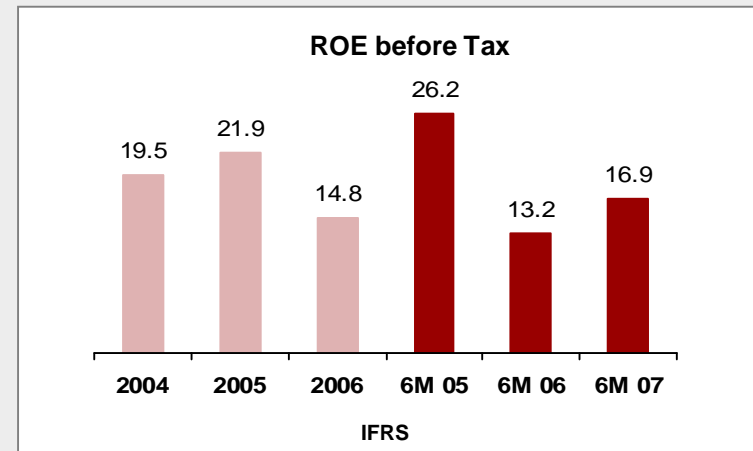
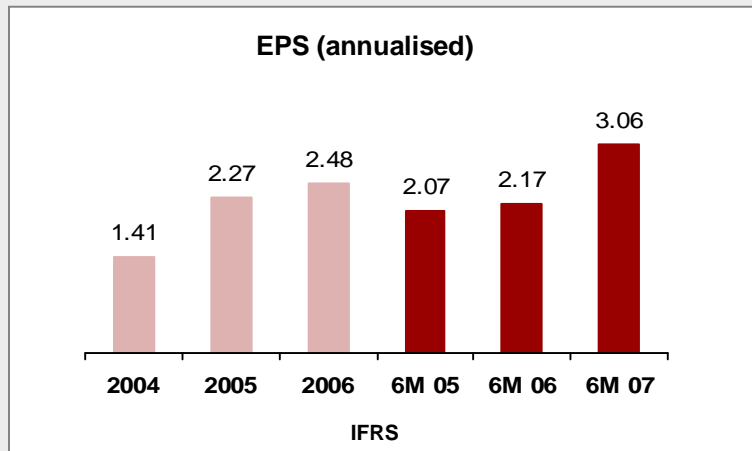
GWP up by 15.3%; profitability rising significantly





# 6M 2007 Highlights (II)

Sound increase in EPS





## **Vienna Insurance Group- Extending the CEE insurance play**

---

Targets and Summary

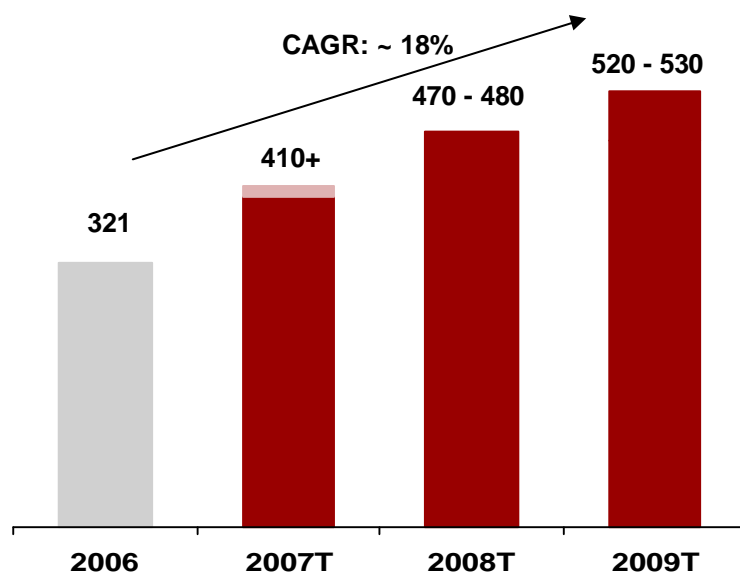
# Financial Targets

Target for 2007 to be exceeded; dividend increase of 25%

## VIG's financial targets

## Comments

Profit before Tax Targets in €mn



RoE before Tax



- § Based on the 1st HY results the 2007 target of €410mn will be exceeded
- § For the business year 2007 management will propose a dividend of above €1.0 per share, i.e. an increase of 25% as compared to the previous year
- § It is company policy 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

# Summary

Progress in VIG's strategic position

20

## Plan two years ago

- § Strengthening of leading position in Austria
- § Expansion of CEE business through acquisitions and organic growth
  - Benefit from low insurance density across region
- § Increase of profitability

## Position today

- § Increased market share in Austria by more than 2% pts thus attaining number one position
- § VIG almost doubled CEE premium volume
- § Ongoing expansion
- § Top 5 position in nearly all core markets
- § EPS boosted despite SPO