



VIG – Becoming the No. 1 Insurer in CEE

**Goldman Sachs Annual European Financials Conference
London - June 11, 2008**

A

VIG on a steady path of growth

B

Growth potential in CEE and Austria

C

Exploiting the potential

D

Acquisition of Erste Bank insurance operations

Investment Proposition at a Glance

New capital to continue proven growth story

A 3

Story

§ **VIG - Progressing on the path of growth**

- Successful track record in exploiting growth potentials
- Continuous expansion of its business areas and geographic regions

Acquisition

§ **VIG – Right time for life**

- Acquisition of Erste Bank insurance operations / Long term distribution agreement
- Creating No. 1 Insurance Group in CEE

Financing

§ **Financing via capital market**

- Capital increase with gross proceeds of about € 1.14bn
- Issuance of hybrid bonds of EUR 250mn (with option to increase)

VIG - Progressing on the Path of Growth

VIG outperformed own commitments

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SPO 2005 Commitments

- § Expansion of its position in Austria
- § Expansion of CEE business through acquisitions and organic growth
- § Become top 5 insurer in core markets
 - Benefit from multiple growth drivers of GDP, insurance (penetration/density) and wealth composition
- § Improve geographical diversification
- § Increase of profitability

Position Today

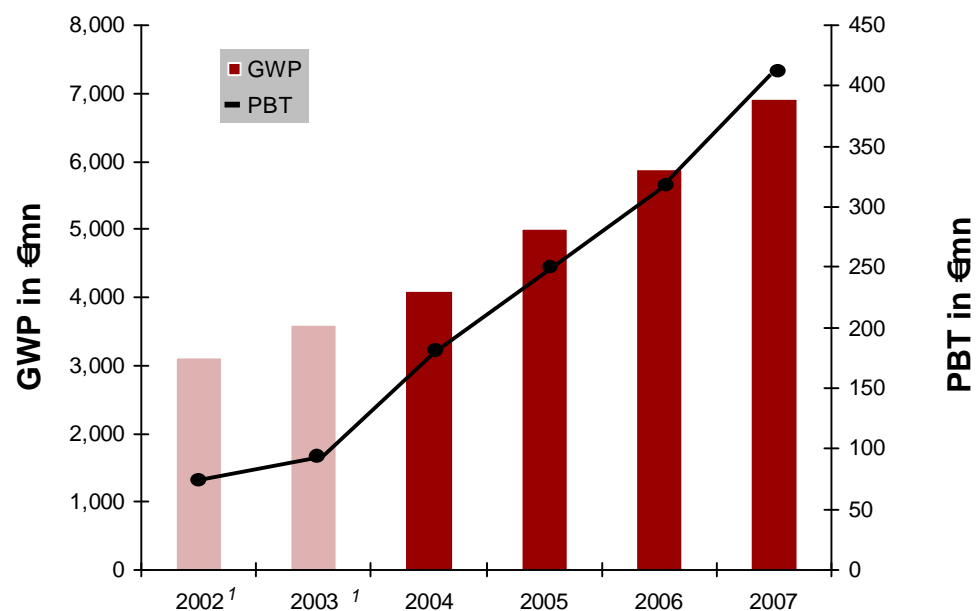
- § Increased market share in Austria by more than 2% pts –VIG no. 1
- § CEE premium volume doubled
- § Ongoing expansion
- § Among top 5 insurers in nearly all core markets, top 3 position reached in 5 core markets
- § Share of Other CEE markets (incl. PL & RO) has overtaken Czech Republic and Slovakia,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

VIG Growth Strategy Delivers

Growth materialises in strong increase in profitability

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VIG's Path of Profitability



Profit before Tax YE 2007: €437mn

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

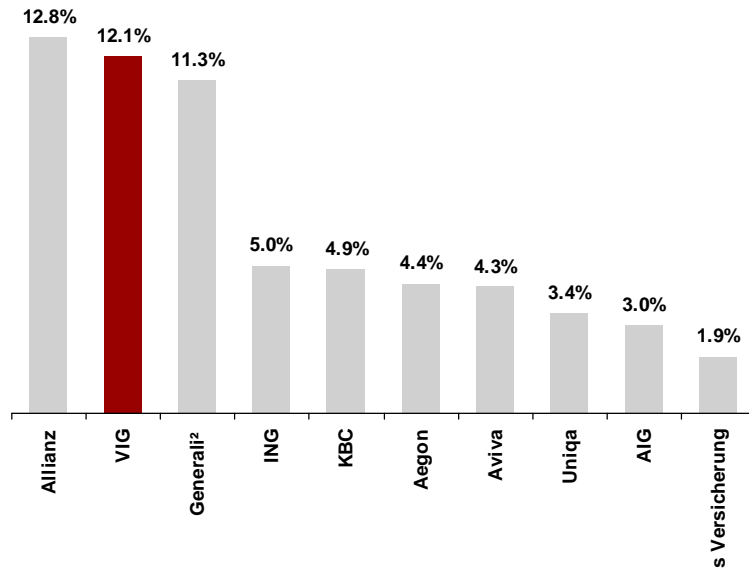
Extensive Track Record

- § VIG is early mover into CEE
- § Entry into new markets at the right point of time when relevant insurance business lines are to take off
- § Clear focus on retail clients
- § Business focus tracking customer demand – now life insurance starting through
- § Steady expansion - 19 acquisitions in 14 countries executed since 2004
- § VIG preparing for take off in life business

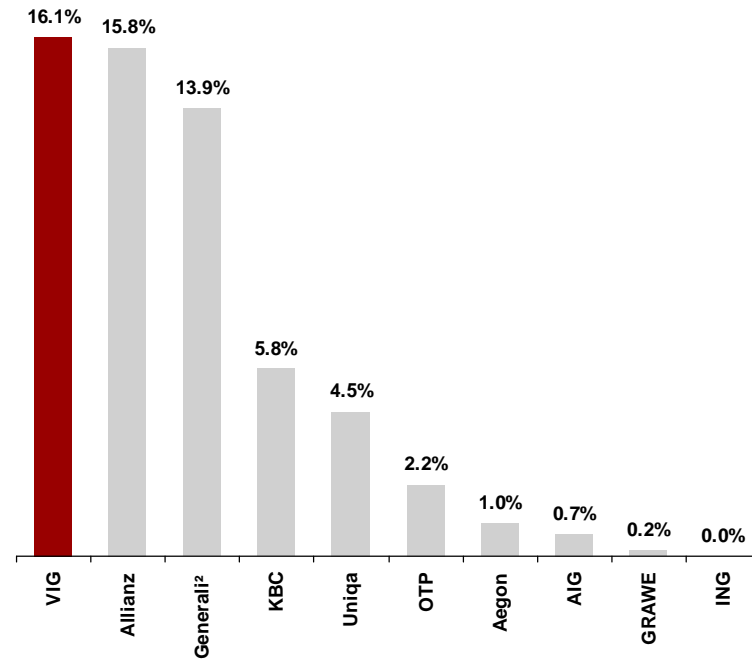
Proven Record of Exploiting Potentials

Leadership in non-life insurance already attained

Total Market Share in CEE^{1,2}



Market Share in CEE^{1,2} Non-life



Source: National insurance associations of the respective countries as of Q3 2007

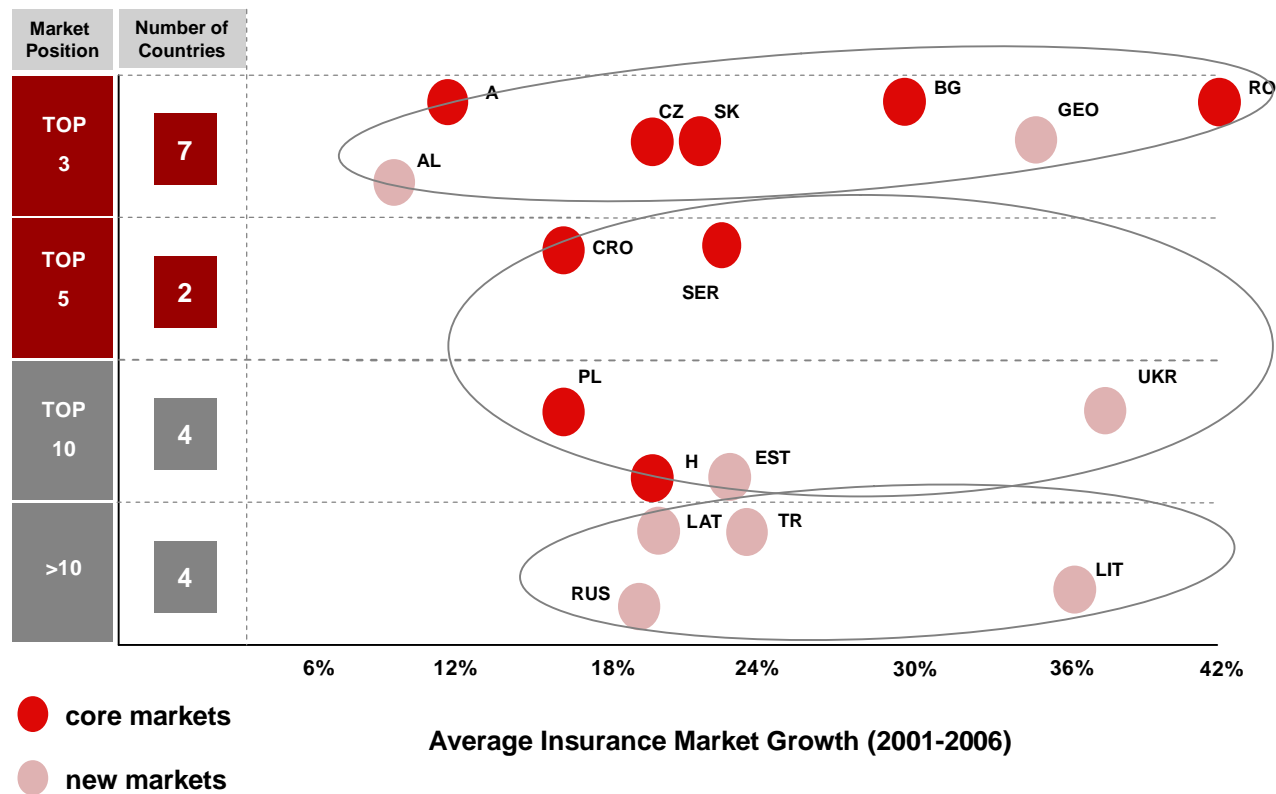
1 CEE is defined as: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovakia 2 Including recent acquisitions

Note: All market shares in this presentation are based on industry statistics and define the markets from a production perspective. Please note that this perspective does not necessarily coincide with market definitions used for marketing research purposes, e.g. studies on customer demand, or merger control purposes.

VIG Has Excellent CEE Market Positions

Top positioning combined with potential in less advanced markets

VIG Is Well Positioned in its Markets

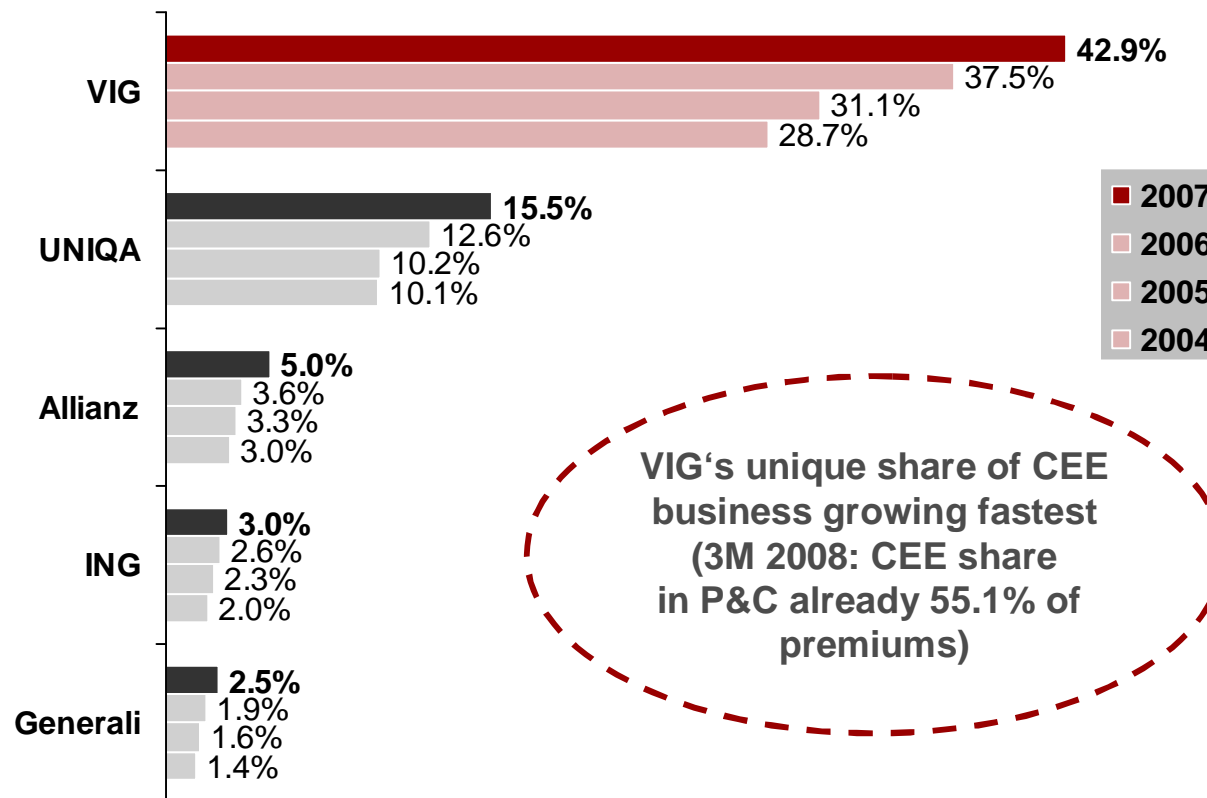


Source: Swiss RE 04/2007, company data 9M 2007, VVO;

Purest CEE Insurance Play

VIG is the only international insurer with 43% of business from CEE

CEE Premiums as % of Total Group Premiums



Source: publicly available information; excluding Erste Bank insurance operations

A **VIG on a steady path of growth**

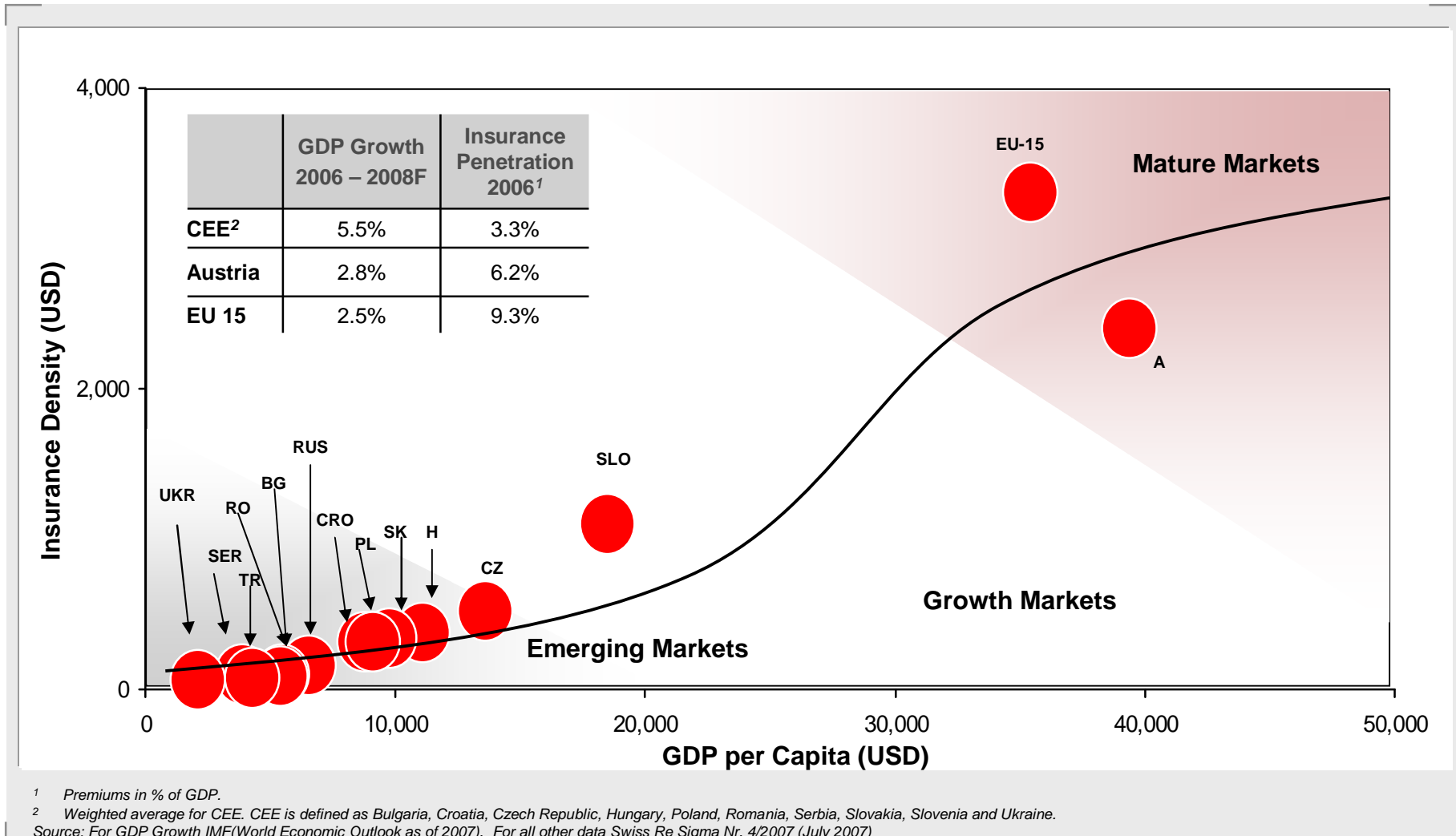
B **Growth potential in CEE and Austria**

C **Exploiting the potential**

D **Acquisition of Erste Bank insurance operations**

CEE Region Offers Multiple Growth (I)

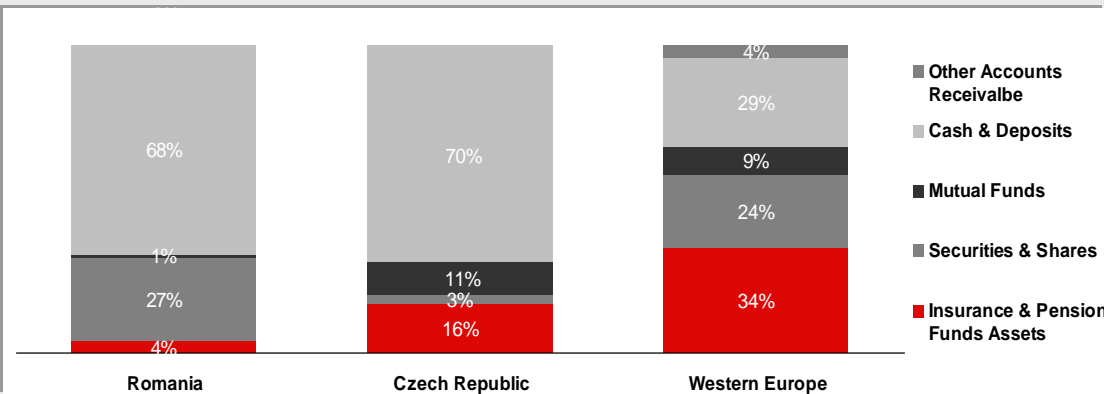
Insurance density growing above GDP increase



CEE Region Offers Multiple Growth (II)

GDP, insurance penetration, wealth composition are growth drivers

Shift in Households' Financial Wealth Composition



Comments

- § With increasing wealth household asset allocation in CEE is to change in favour of insurance products
- § VIG is well positioned to capture this growth through the long term agreement with Erste Bank

Source: UniCredit CEE Households' Wealth and Debt Monitor (November 2007) based on 2006 data

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

Annotations: x 1.5 (between 1977 and 2000), x 3.2 (between 1977 and 2000)

Source: VVO, Erste Bank, SwissRe Sigma 04/2007

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
Croatia	3.3%	245	7,780
Poland	3.5%	247	7,123
Slovakia	3.4%	268	8,156
Hungary	3.4%	299	8,847
Czech Republic	3.8%	414	10,977

The Austrian Case

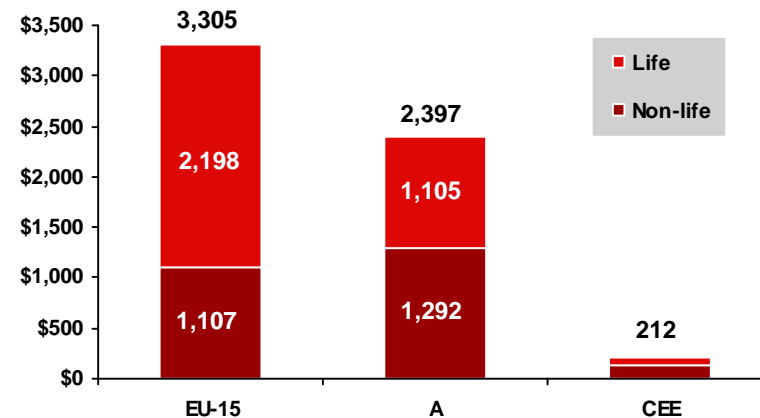
VIG capitalises on catch-up potential in life insurance

Situation in Austria

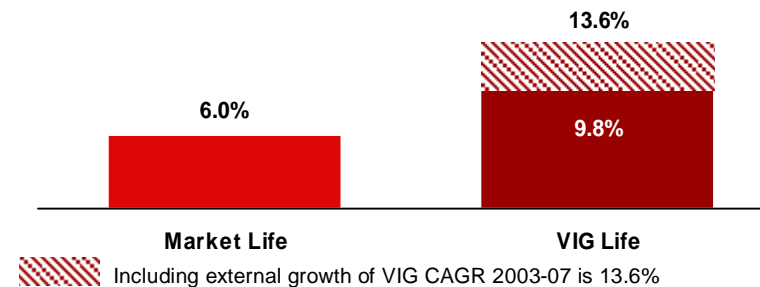
- § Austria is a largely mature market
- § Still strong growth potential in life: Austria lags behind EU-15 in premium per capita
- § Life insurance business in Austria is expected to deliver sustainable growth going forward
- § Ongoing reforms of social security system to generate strong demand for life savings and pension products
- § VIG has been growing faster than the market

High Growth Potential

Life insurance density is low in Austria



VIG capitalises on life insurance Growth (CAGR 2003-07)



Source: SwissRe Sigma Nr. 04/2007, VVO 2007

A **VIG on a steady path of growth**

B **Growth potential in CEE and Austria**

C **Exploiting the potential**

D **Acquisition of Erste Bank insurance operations**

VIG – Distribution Is Key in Insurance

Multi-brand & multi-channel provide best customer access

Multi-brand



Multi-channel

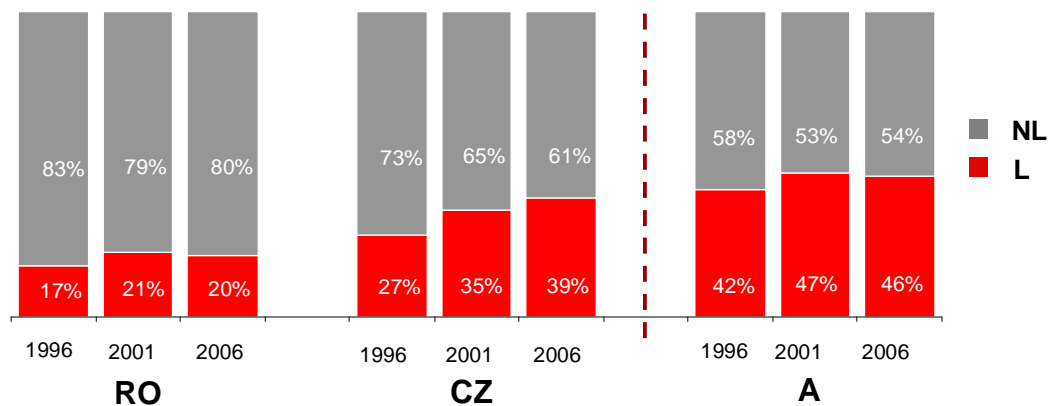
Life distribution channels	Tied agents	Banks	Brokers	Other
Austria	☺	☺	☺	☺
Czech Republic	☺	○	☺	☺
Slovakia	☺	○	☺	☺
Romania	☺	○	☺	☺
Croatia	☺	○	☺	☺
Hungary	☺	○	☺	☺
Serbia	☺	○	☺	☺
Ukraine	☺	○	☺	☺

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

Now is the Time for Life Business

Banking distribution is key for harvesting CEE life potential

CEE Insurance Markets¹

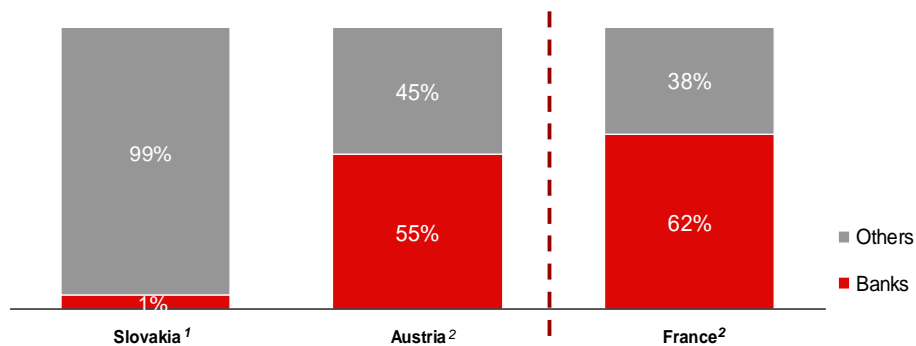


Comments

- § Life gaining importance in mature markets
- § In EU-15 about 2/3 of insurance market is life business

¹ Source: Swiss RE Sigma 04/1998; 06/2002; 04/2007

Distribution of Life Products



Comments

- § In Western Europe the major part of life products is distributed via bancassurance

¹: CEA Statistics N 29, ²: Oliver Wyman 03/2008

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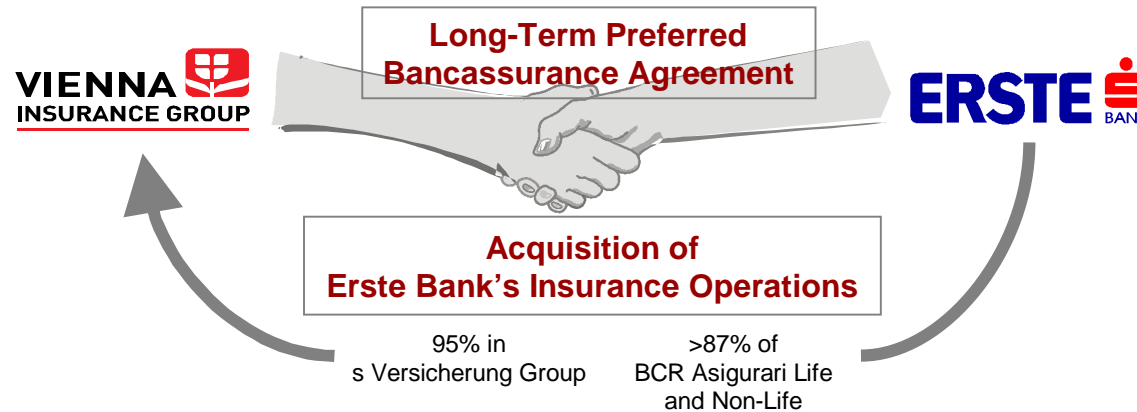
D **Acquisition of Erste Bank insurance operations**

Acquisition of s Versicherung

Long-term CEE cooperation agreement

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Acquisition Highlights



Rationale

- § Vienna Insurance Group ("VIG") becomes the No. 1 insurer in Central and Eastern Europe (CEE)¹
- § VIG successfully diversifies its distribution channels in core markets
- § Erste Bank's distribution system is a perfect fit for VIG
- § Right time to boost life insurance business

Details







- § Total consideration of € 1.45bn
- § Acquisition expected to close by the third quarter 2008

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

Potential of 16mn Erste Bank Clients

Bancassurance agreement offering outstanding access to clients

Acquisition of Insurance Operations

s Versicherung Group				
Austria		GWP		
		Life	€791.7m	Market # 2
		Non-Life	€16.9m	n/a
Czech Republic		GWP		
		Life	€231.0m	Rank # 4
		Non-Life	€1.9m	n/a
Slovakia		GWP	Rank #	
		Life	€24.8m	8
Hungary		GWP	Rank #	
		Life	€36.0m	13
Croatia		GWP	Rank #	
		Life	€8.9m	11
BCR Asigurari Companies				
Romania		GWP		
		Non-life	€155.2m	Rank # 3
		Life	€23.0m	7

Total premiums of €1,289mn in 2007

Mutual Distribution Agreement

- § Preferred partnership for sale of life, non-life and health products – building on existing P&C cooperation
- § Long-term agreement: 15 years plus renewal for 10 years
- § Countries covered: Austria, Croatia, Czech Republic, Hungary, Romania, Serbia, Slovakia, Ukraine
- § Terms and conditions to be agreed according to local environment
- § Erste Bank targets strong increase in its penetration of retail clients with insurance products



Creates significant growth potential going forward

Erste Bank – a Perfect Fit

Closing an important gap in life distribution

Erste Bank Strengths

- § Largest retail bank in the CEE region
- § More than 16mn customers and 2,900 branches
- § Present in nearly all existing core markets, home market of 120mn people
- § s Versicherung already integrated in Erste Bank IT systems – easy data handling
- § Existing P&C cooperation

Total Branches: 2,908 Clients (m): 16.4	Hungary Market share: 6.1% Branches: 197 Clients (m): 0.8	Ukraine Market share: 0.1% Branches: 71 Clients (m): 0.1
Czech Republic Market share: 31.9% Branches: 636 Clients (m): 5.3	Slovakia Market share: 31.3% Branches: 273 Clients (m): 2.5	Romania Market share: 27.7% Branches: 562 Clients (m): 4.0
Austria Market share: 19.3% ¹ Branches: 993 Clients (m): 2.8	Croatia Market share: 12.0% Branches: 115 Clients (m): 0.7	Serbia Market share: 2.8% Branches: 61 Clients (m): 0.2

VIG Life Distribution after Closing

	Tied agents	Banks	Brokers	Other
Austria	☹	☹	☹	☹
Czech Republic	☹	☹	☹	☹
Slovakia	☹	☹	☹	☹
Romania	☹	☹	☹	☹
Croatia	☹	☹	☹	☹
Hungary	☹	☹	☹	☹
Serbia	☹	☹	☹	☹
Ukraine	☹	☹	☹	☹

Diversified, Pan-CEE Insurance Platform

Strong position in key markets

Combined Life Market Ranking in CEE Countries

Czech Rep.—life

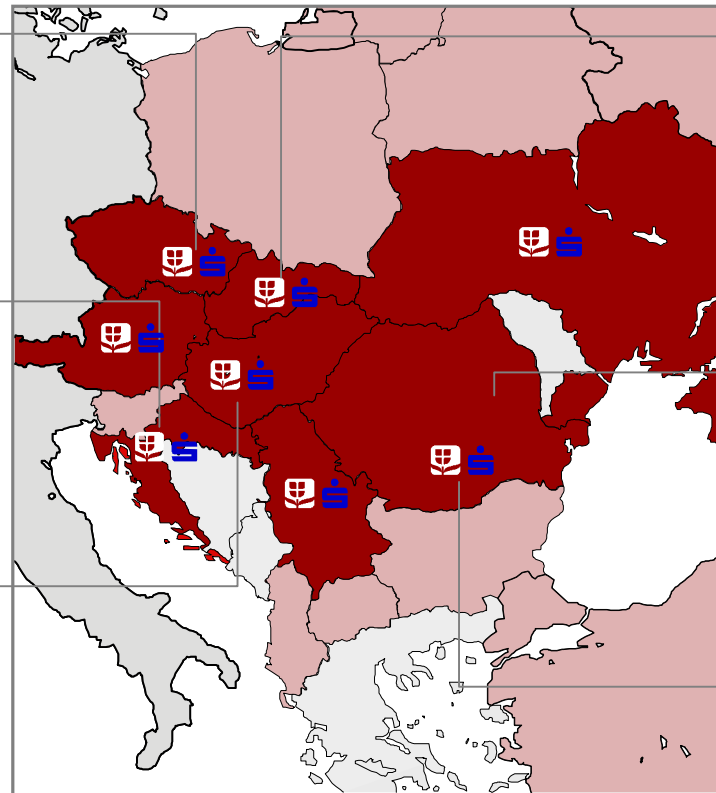
Insurer	Premia (€m)	Rank #
Česká p. & Generali	574	1
VIG & sVersicherung	523	2
VIG	292	2
ING	262	3
Pojišťovna ČS	231	4
ČSOB	195	5

Croatia—life

Insurer	Premia (€m)	Rank #
Allianz	58	1
VIG & sVersicherung	53	2
Croatia	47	2
VIG	44	3
Merkur	36	4
Basler Gruppe	36	5
s Versicherung	9	11

Hungary—life

Insurer	Premia (€m)	Rank #
ING	480	1
Aviva	230	2
Generali	221	3
OTP & Groupama	215	4
Aegon	175	5
Allianz	140	6
Uniq	128	7
VIG & sVersicherung	91	8



■ Combined markets
■ Existing VIG markets

Slovakia—life

Insurer	Premia (€m)	Rank #
VIG & Poist.Slov.	240	1
Allianz	236	2
VIG	216	2
Amslico AIG	106	3
ING	79	4
Generali/Česká poist.	74	5
ČSOB poist.	37	6
Generali	33	7
Poist'ovna Slov.	25	8

Romania—life

Insurer	Premia (€m)	Rank #
ING Leben	152	1
VIG & BCR Asig. De Viata	69	2
Aig Life	68	2
VIG	43	3
Asiban	33	4
Grawe	30	5
Allianz-Tiriac	29	6
BCR Asig.	25	7

Romania—non-life

Insurer	Premia (€m)	Rank #
VIG & BCR Asig.	737	1
VIG	565	1
Allianz Tiriac	341	2
BCR Asig.	172	3

Source: Based on market shares published by National insurance associations (December 31, 2007)

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Performance Drivers

VIG and s Versicherung: Success factors from shared services

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Business Growth

- § Extended product and service offering tailored to the bancassurance distribution channel
- § New product development using joint know-how while retaining established local brands
- § Exploit cross-selling potential between VIG, s Versicherung and Erste Bank
- § Streamline bancassurance distribution channel with clear focus to increase customer penetration with multiple insurance products
- § Improvement in underwriting procedures

Performance

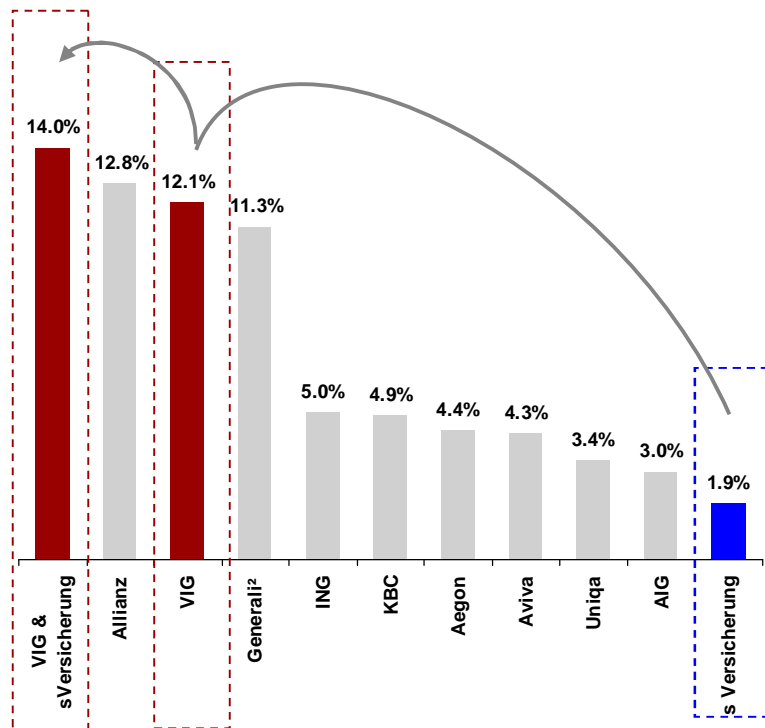
- § Economies of scale to result from strong business growth in CEE
- § Several s Versicherung group companies established only recently; carrying set-up costs
- § Integrated IT systems allow for start of cooperation right away
- § VIG's has proven track record of managing bancassurance operations
- § VIG buying s Versicherung's management power for business development in CEE

Efficiency

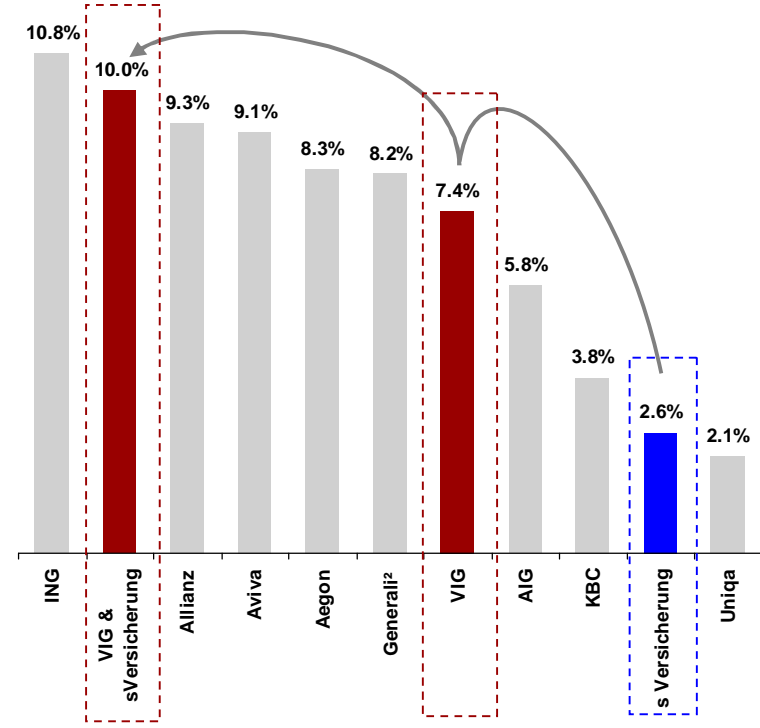
Creating No.1 Insurance Group in CEE

Taking on leadership in life insurance

Total Market Share in CEE^{1,2}



Market Share in CEE^{1,2} Life



Source: National insurance associations of the respective countries as of Q3 2007

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

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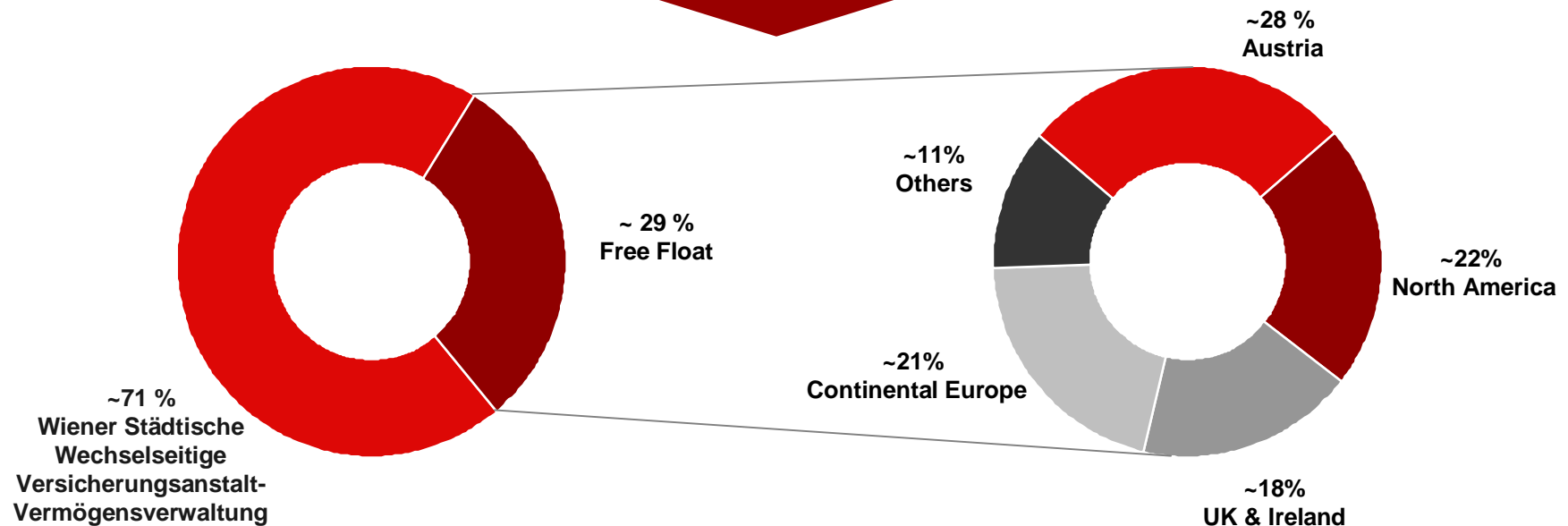
Successful Capital Raising

Gross proceeds of about €1.14bn

§ Capital increase

- Rights issue of 23mn shares or about 22% of current market cap
- 1mn shares overallotment
- Price set at €49.5 per share on 7 May 2008
- Total number of shares 128,000,000

Shareholder Structure



Financial Targets

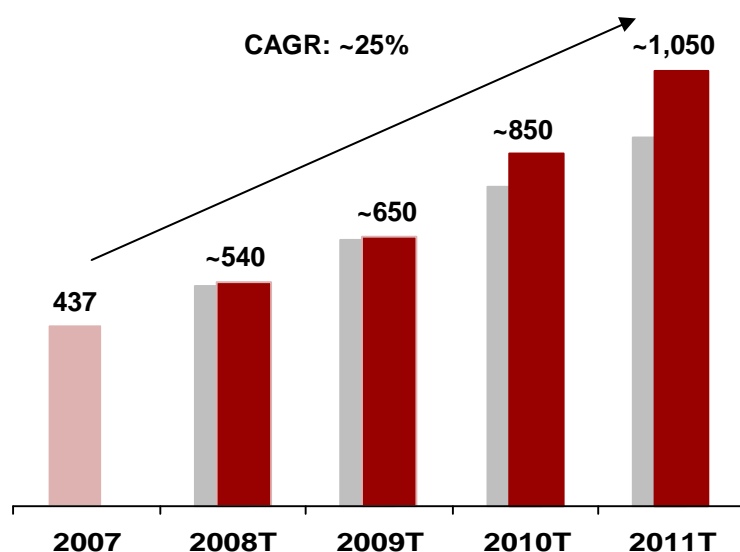
Targets including s Versicherung acquisition

VIG's Financial Targets

Comments

Premium Target for 2011: > EUR 12bn

Profit before tax targets in €mn



18 %

RoE before tax

~20 %

§ Majority of GWP to come from CEE region by 2011

§ Acquisition expected to be earnings accretive within the budgeting period

- 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