



V.I.G.
Building its Market Position and Financial Strength

Erste Group Investor Conference, Stegersbach
07 October 2009

A Investment proposition

B Growth potential in CEE and Austria

C Recent developments

D 6M 2009 results – highlights

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
- 16.0% market share in CEE¹ – 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



CEE share ~50% of premiums

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

Market strategy proves effective

2005

- § Gross written premiums: €5.0bn
- § Profit before tax: €240mn
- § Presence in 15 countries
- § No. 2 in CEE¹

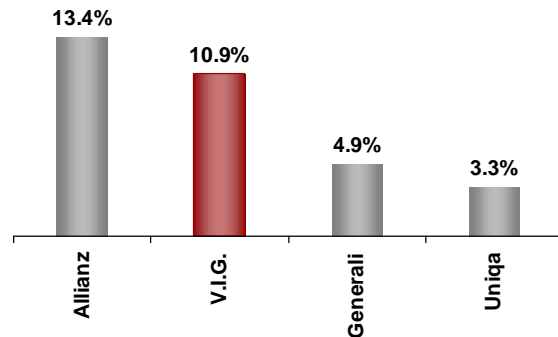
2008

- § Gross written premiums: €7.9bn
- § Profit before tax: €541mn
- § Presence in 23 countries
- § No. 1 in CEE¹

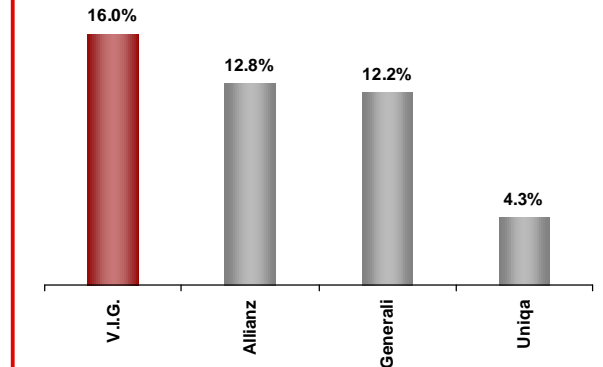
Strategy

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

Total market share



Total market share



A Investment proposition

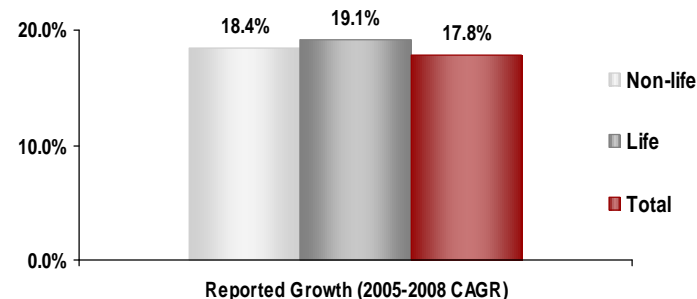
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2005-2008

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



6M 2009

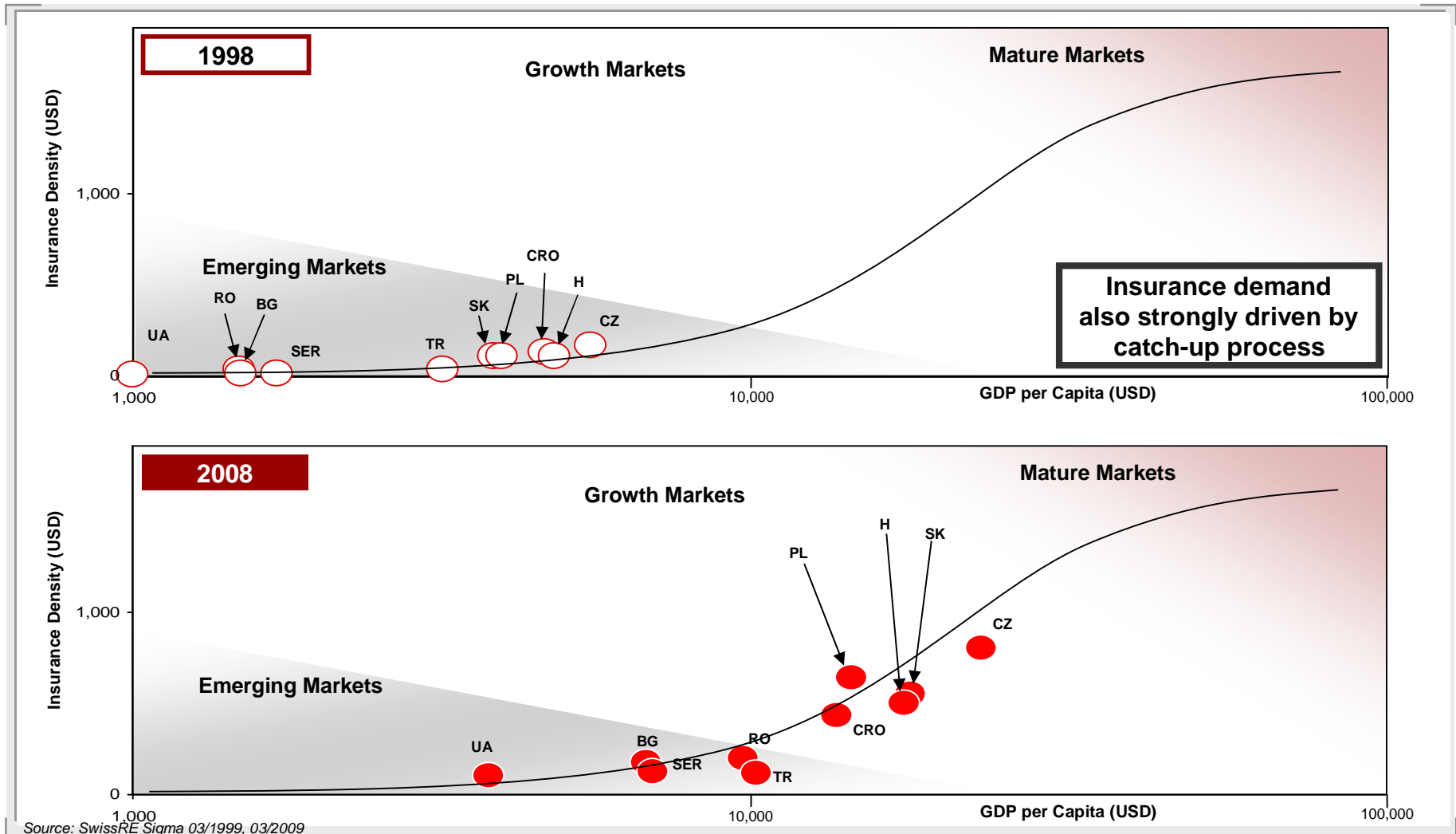
- § Extraordinary economic situation led to weak CEE currency rates
- § Restructuring of portfolio in RO: market shaper position of V.I.G. allows significant increase of tariffs
- § A and PL: weak development of life premiums is result of currently low demand for single premium business
- § Overall, still 3% premium growth excluding volatile life business parts

Organic Growth Rates (net of FX)

	6M 2009		
	Non-Life	Life	Total
Austria	0.8%	-18.5%	-6.6%
Czech Republic	4.2%	8.0%	5.2%
Slovakia	4.6%	2.6%	3.8%
Romania	-10.6%	-20.0%	-10.6%
Poland	4.8%	-32.6%	-12.3%
Other CEE	9.3%	-12.5%	3.2%
Other	3.5%	-36.1%	24.0%
Total	1.7%	-15.6%	-4.4%

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

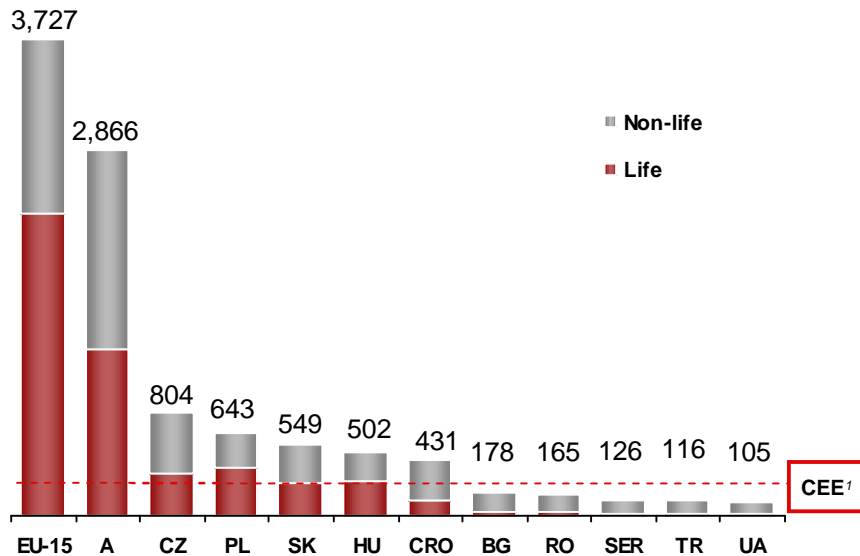
GDP growth and underpenetration are insurance drivers



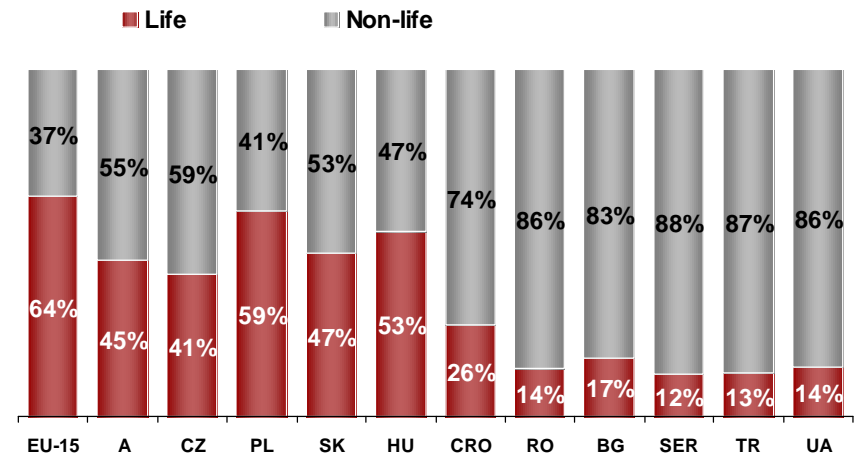
V.I.G. Business Model Still in Place (II)

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

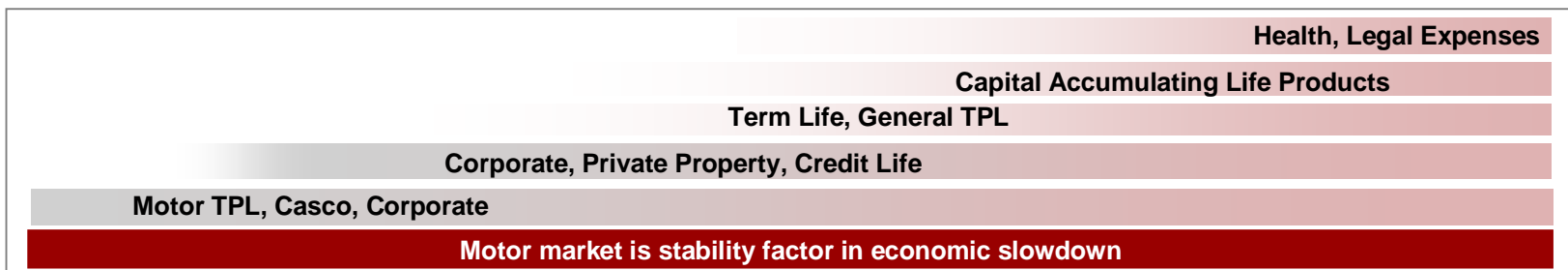
Insurance Density 2008 (USD)



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

Strength of distribution supports future growth

Multi-Brand



Multi-Channel

	Tied agents	Banks	Brokers	Other
Austria	●	●	●	○
Czech Rep.	●	●	●	○
Slovakia	●	○	●	○
Romania	●	○	●	○
Poland	●	●	●	○
Hungary	●	●	●	○
Croatia	●	●	●	○
Others	●	●	●	○

- § Strong brand awareness in local markets
- § Retain loyalty of employees and management, customers, affinity groups and distribution networks with well established local brands
- § Multi-brand also strongly supports multi-channel distribution

- § Distribution differs according to market conditions
- § Group relies on well diversified distribution channels within the whole region but also in individual markets to enhance internal competition

A Investment proposition

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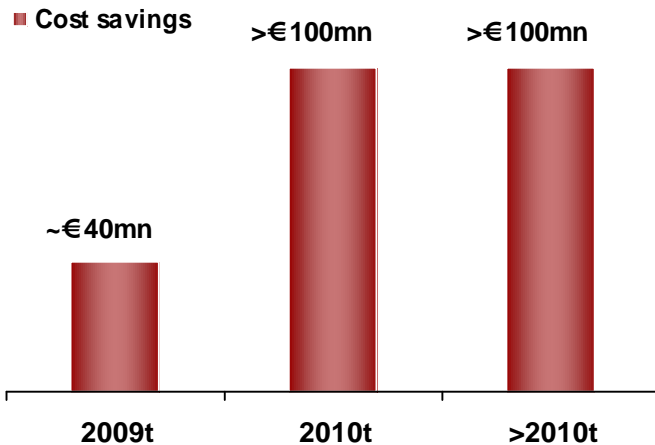
C Recent developments

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Financial Control and Business Initiatives

Setting the basis for future performance

Scale-based



Annual cost savings target of at least €100mn, to be reached by end of 2010

- § Streamlining of regional head offices
- § Bundling of operating and service departments
- § Strengthening of central administration
- § Reduction of overall non-personnel costs
- § Accelerated implementation of shared services concept to backup multi-brand approach in CEE

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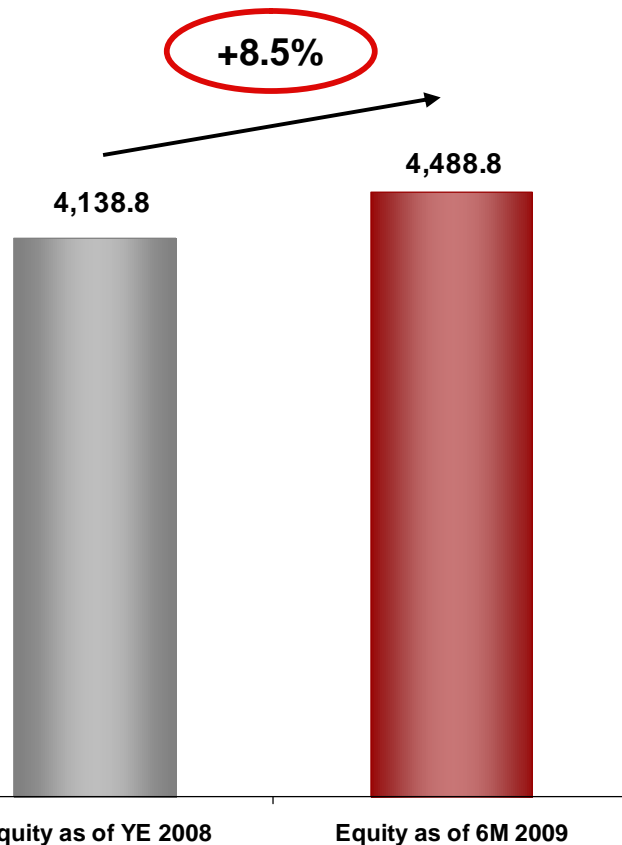
Skill-based

- 1** **VIGRe** § Promising start confirms RoE target for 2009 of 10%
- 2** **VIU** § Vienna International Underwriters has acquired several international corporate clients
- 3** **Cooperation with Erste Group** § Integration of s Versicherung well advanced: product design, asset management, accounting, controlling, actuarial services, risk management
- 4** **Health business in CEE** § Expected premium volume of about € 30mn for YE 2009

Strong capitalisation is excellent basis for future expansion

Shareholders' Equity

Change in Group Shareholders' Equity (€mn)



Capitalisation

- § Group shareholders' equity increased by 8.5% to about €4.5bn in 6M 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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§ EUR 230mn PBT – stable performance



§ Ongoing synergy projects plus recently launched action programme bear fruit

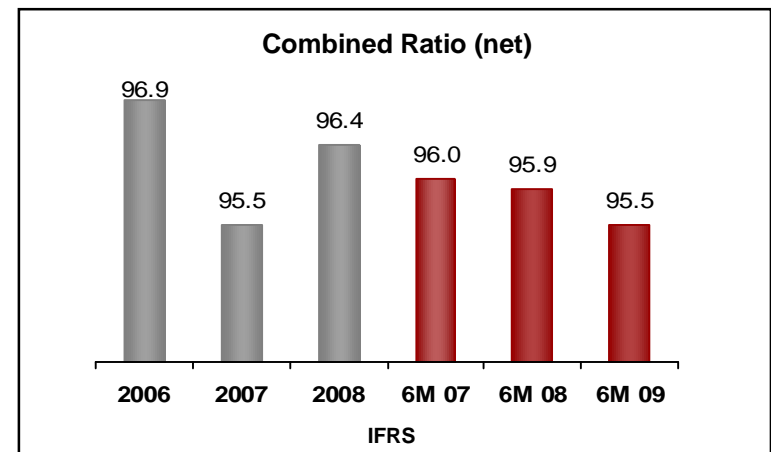
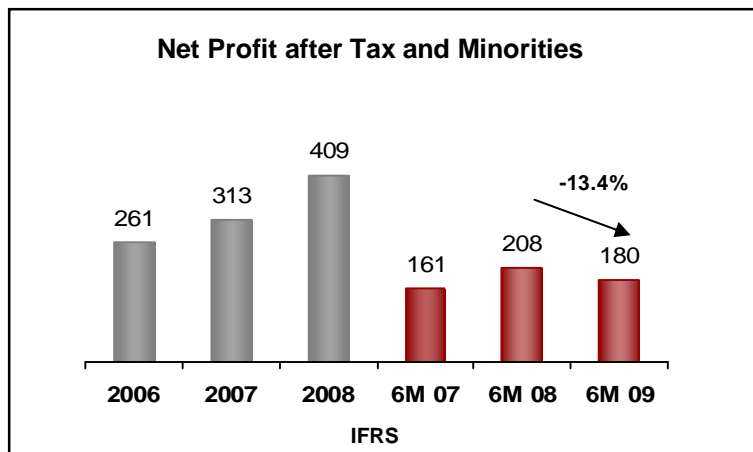
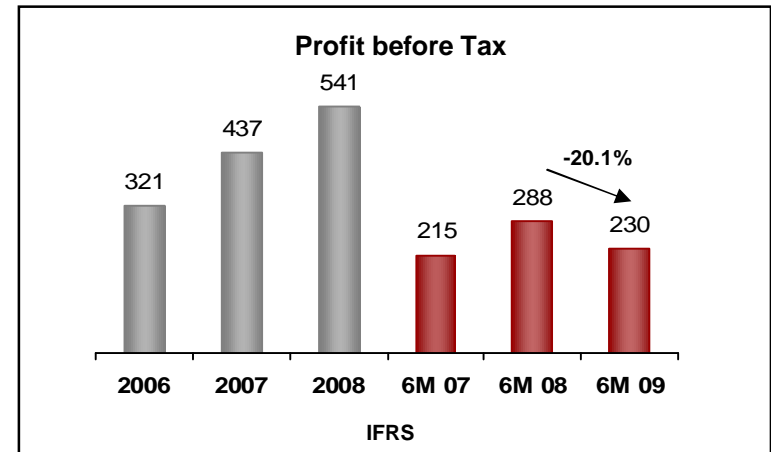
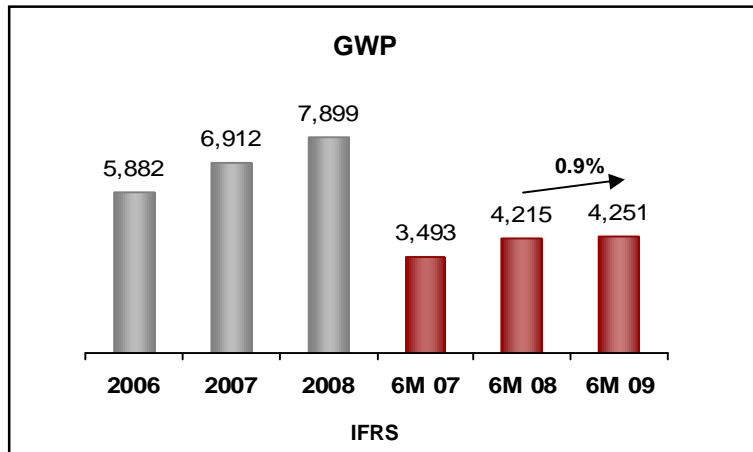
- € ~ 40mn cost savings

§ In a difficult economic period V.I.G. focuses on profitable growth

- 3% premium growth excluding volatile life business parts

6M 2009 Financial Highlights

HY results shaped by good operations and weaker capital markets





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