

VIG – sound performance despite market turmoil

3M 2008 results - 20 May 2008

Presenting Team

- **Martin Simhandl, CFO**
- **Peter Hagen, Member of the Managing Board**
- **Kurt Ebner, Group Actuary in Chief**
- **Roland Gröll, Head of Group Accounting**
- **Thomas Schmee, Head of Investor Relations**

Topics

- **Strategic Update** p.3
- **Highlights** p.5
- **P&L and Balance Sheet** p.9
- **Appendix** p.18

Acquisition

▪ **VIG – Right time for life**

- Acquisition of Erste Bank insurance operations / Long term distribution agreement
- Creating No. 1 Insurance Group in CEE
- Erste Bank's distribution system is a perfect fit for VIG
- Total consideration of € 1.45bn
- Acquisition expected to close by the third quarter 2008

Financing

▪ **Capital increase**

- Rights issue of 23mn shares or about 22% of current market cap
- Price set at EUR 49.5 per share on 7 May 2008
- Gross proceeds of about € 1.14bn

Strategic Update (II)

Hybrid offering

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Issuer	<ul style="list-style-type: none">▪ WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group
Amount	<ul style="list-style-type: none">▪ EUR 250 mn (with option to increase); to be placed primarily in Austria (plus European investors)
Coupon	<ul style="list-style-type: none">▪ deeply subordinated, fixed to floating
Maturity / Optional Redemption	<ul style="list-style-type: none">▪ Perpetual bonds (issuer call at year 10)
Timetable	<ul style="list-style-type: none">▪ Management roadshow: May 26 – May 28, 2008▪ Expected pricing date: on or about May 30, 2008
Use of Proceeds	<ul style="list-style-type: none">▪ to finance acquisitions in the CEE region▪ strengthening of the capital base of the Issuer▪ general funding purposes
Lead Manager	<ul style="list-style-type: none">▪ Erste Bank



**Vienna Insurance Group-
3M 2008 results**

Financial Highlights

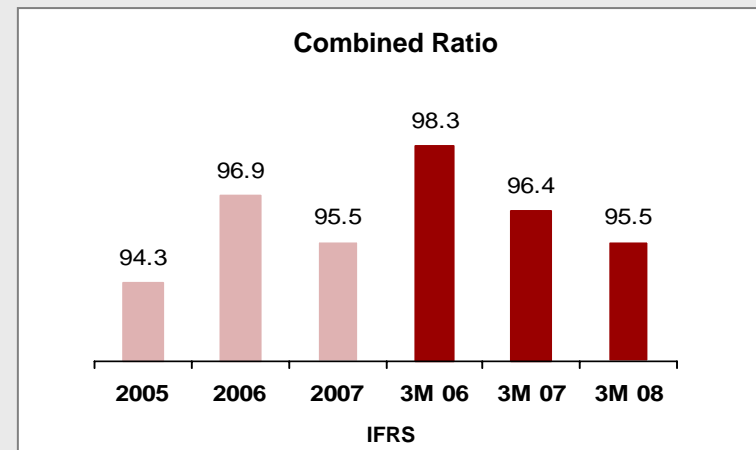
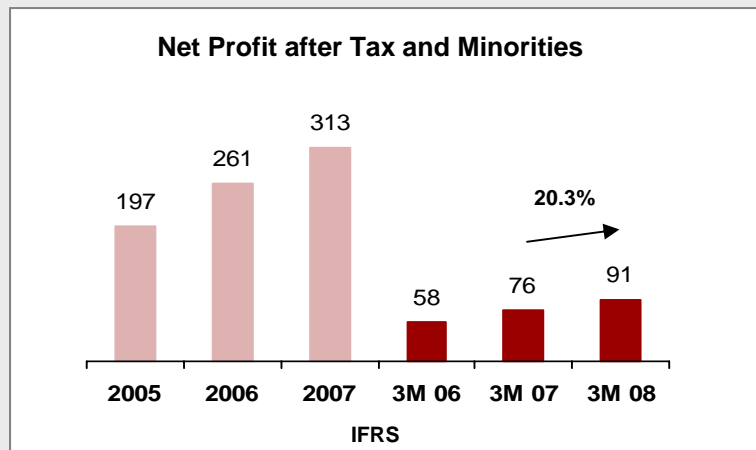
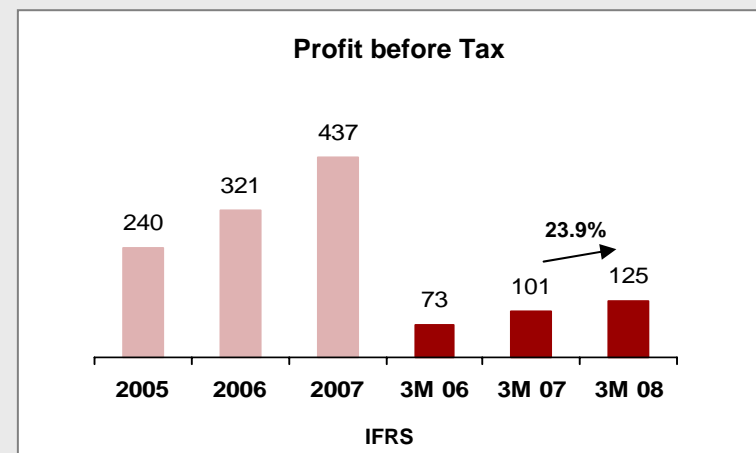
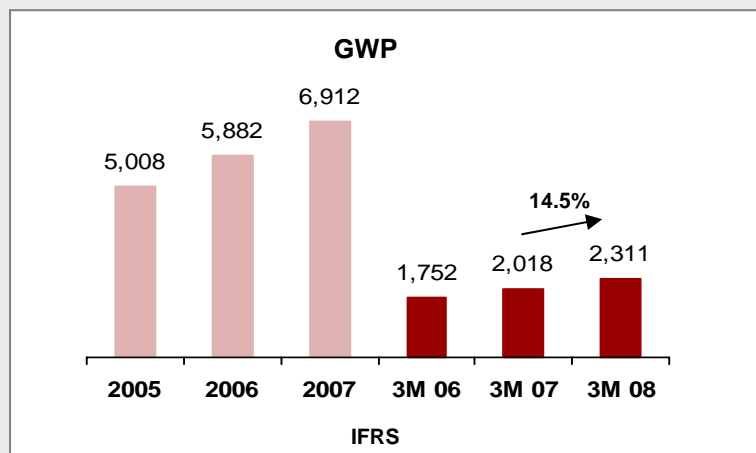
3M 2008 Highlights (I)

An excellent start into 2008

- Persistent strong premium growth, in particular in CEE
- CEE premium share in life already at more than 30%
- Combined ratio down to 95.5% (from 96.4% in Q1 07)
- Profit before tax again growing faster than premiums
- More than 35% of PBT generated in CEE

3M 2008 Highlights (II)

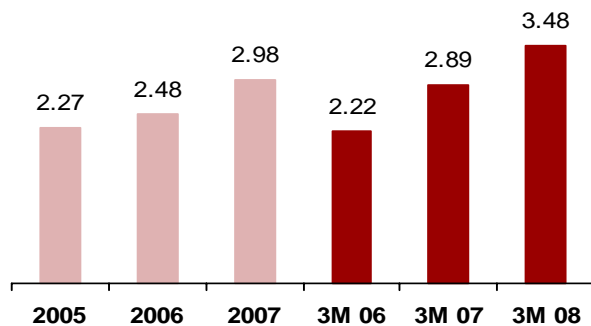
CEE supporting growth in Q1; marked reduction of C/R



3M 2008 Highlights (III)

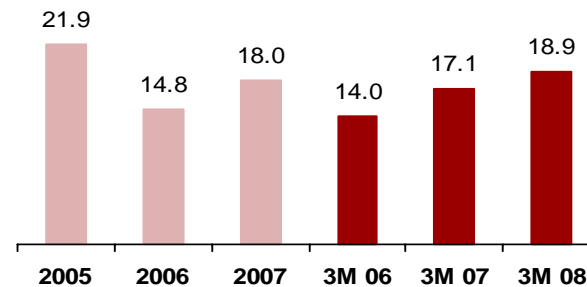
EPS with another record high; ROE reaching 19% level

EPS*



* annualised, pre SPO 2008 IFRS

ROE before Tax (%)*



* pre SPO 2008 IFRS



**Vienna Insurance Group-
3M 2008 results**

P&L and Balance Sheet Details

3M 2008 Income Statement

IFRS (€mn)

	3M 2008	3M 2007	+/-%
1. Gross written premiums	2,311.2	2,018.4	14.5
2. Net earned premiums	1,736.8	1,464.3	18.6
3. Net investment income ¹	175.6	205.3	-14.5
4. Other income	17.5	8.9	96.8
Total income	1,929.8	1,678.5	15.0
6. Expenses for claims incurred	-1,359.1	-1,184.7	14.7
7. Operating expenses	-391.6	-347.7	12.6
8. Other expenses	-54.3	-45.4	19.6
Total expenses	-1,805.0	-1,577.8	14.4
Profit before tax	124.8	100.7	23.9
Taxes	-26.0	-18.6	40.0
Net profit before minorities (Profit for the period)	98.9	82.2	20.3
Minorities	-7.5	-6.2	20.3
Net profit after minorities	91.4	76.0	20.3

(1) incl. income from associated and affiliated companies

3M 2008 Balance Sheet

IFRS (€mn)

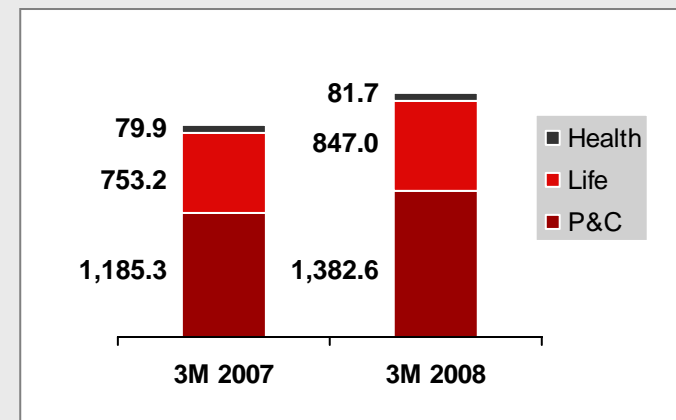
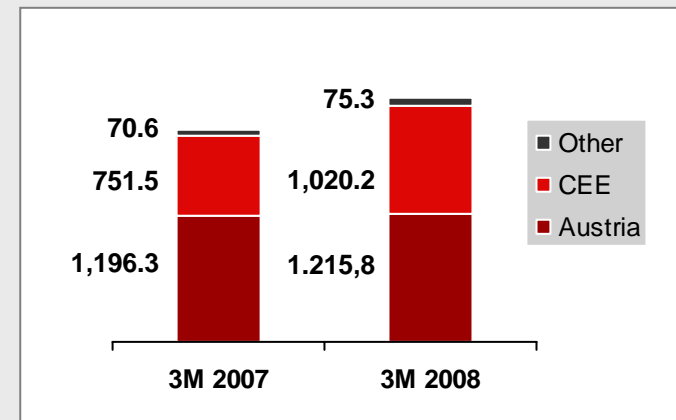
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	3M 2008	YE 2007	+/- %
Intangible assets	865	525	64.9
Total investments	20,099	20,171	-0.4
Unit- and index-linked investments	2,943	3,066	-4.0
Reinsurers' share in technical provisions	1,364	1,187	15.0
Receivables	1,605	1,200	33.7
Deferred tax assets	48	34	42.5
Other assets	289	285	1.7
Cash and cash equivalents	273	278	-1.5
Total assets	27,488	26,745	2.8
Shareholders' equity	2,679	2,616	2.4
<i>thereof minorities</i>	280	277	1.1
Subordinated liabilities	443	443	0.1
Technical provisions	17,951	17,092	5.0
Unit- and index-linked technical provisions	2,870	2,949	-2.7
Non-technical provisions	713	795	-10.3
Liabilities	2,672	2,689	-0.6
Deferred tax liabilities	80	81	-1.1
Other liabilities	80	82	-2.5
Total liabilities and equity	27,488	26,745	2.8

3M 2008 P&L Major Items – Gross Written Premiums

Continuing double digit premium growth (€mn)

- Group GWP gained 14.5% to €2,311mn
- Austria: total GWP up 1.6% to reach €1,216mn. Life up 2.2% at €532.0mn in line with market development; P&C up 1.1% at €602.1mn influenced by flat motor market (VIG still growing above market) and shift of premium payments
- The Czech Republic saw GWP growing by 15.1% to €359.7mn with Life gaining 24.0% to reach €83.9mn and Non-life up 12.6% at €275.8mn
- In Slovakia business grew by 14.1% to reach €161.3mn, with Life up 42.6% at €56.1mn and P&C up 3.1% at €105.2mn
- Poland reached €174.0mn in total, up 43.3%, Non-life up 29.5% to €99.7mn, Life up 67.3% to €74.4mn
- In Romania VIG attained a premium volume of €200.9mn, an increase of 89.1%. Non-life was up 84.8% at €189.4mn and Life up 206.1% at €11.4mn
- Substantial increase in Other CEE markets of 77.7% amounting to €124.3mn, with high double digit organic growth
- Other Markets attained GWP of €75.3mn, stronger by 6.6%



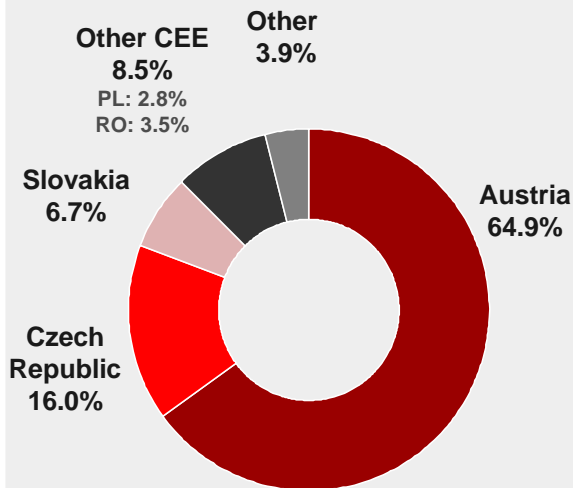
Note: the following companies were not included in Q1 2007: Jupiter, Globus, Kniazha (Ukraine), Ray Sigorta (Turkey) and Asirom (Romania);
pro rata consolidation of TBIH insurance companies (Bulstrad, Helios) increased from 40% to 60%

Geographical Diversification Enhanced

GWP split by region

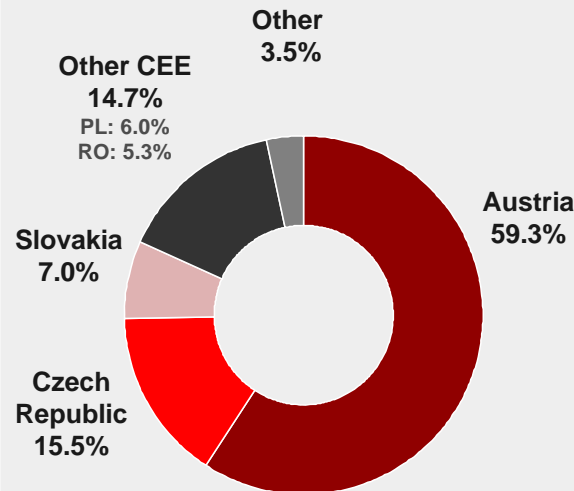
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GWP by Geography 3M 06



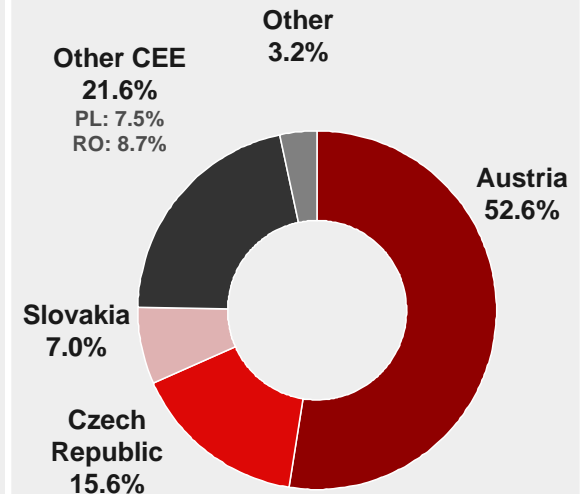
3M 2006 Total: €1.8bn

GWP by Geography 3M 07



3M 2007 Total: €2.0bn

GWP by Geography 3M 08



3M 2008 Total: €2.3bn

- Other CEE (incl. Poland and Romania) substantially gaining weight
- Czech Republic and Slovakia stable
- VIG has excellently balanced portfolio

3M 2008 P&L Major Items – Expenses for Claims Incurred

Loss ratio on stable level

- Group loss ratio (net) at 63.9% (YE 2007 64.2%)
- Austrian loss ratio higher by 2.3% pts at 68.3%, affected by Emma and Paula storms
- Czech Republic saw loss ratio improving by 3.8% pts to 65.0% influenced by lower reinsurance expenses
- In Slovakia loss ratio at 53.8% in line with year 2007
- Poland improving by 9.4% pts to 54.7% due to effective claims and risk management and benign motor pricing
- Romania saw increase of claims ratio to 66.1% influenced by motor business (in line with market trends), however on YE 2007 level
- Other CEE recorded moderate loss ratio of 60.6% (with very moderate claims level in the Ukraine)

EUR mn	P&C	
	3M 2008	3M 2007
Net Earned Premiums:	841.9	667.3
Expenses for Claims Incurred:	538.4	422.6
Ratio	63.9%	63.3%

3M 2008 P&L Major Items – Operating Expenses

Cost ratio decreasing by 1.5% pts

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- Group cost ratio (net) decreasing by 1.5% to reach 31.6% - sensible economies of scale in CEE
- Austrian cost ratio reduced to 27.4% due to lower acquisition costs
- Costs in the Czech Republic stable at 26.3%
- Cost ratio in Slovakia down by 2.9% pts in line with YE 2007
- Poland showing higher cost ratio at 40.3% influenced by tremendous business growth
- Romania recording decrease to 35.5% owing to economies of scale
- Cost ratio in Other CEE at 39.0%, down by 5.6% pts due to economies of scale

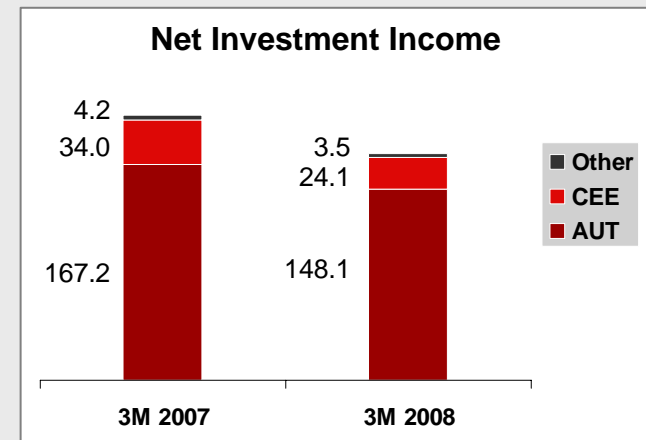
EUR mn	P&C	
	3M 2008	3M 2007
Net Earned Premiums:	841.9	667.3
Operating Expenses: ¹	265.7	220.4
Ratio	31.6%	33.0%

¹ incl. Other technical result (Other underwriting income and expenses)

3M 2008 P&L Major Items – Net Investment Income

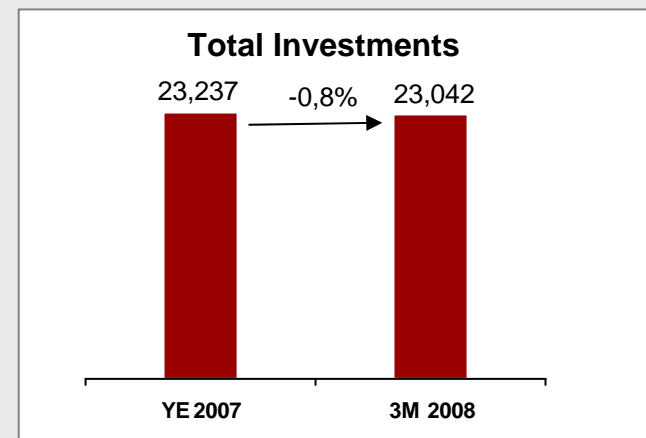
Moderate decrease due to weak financial markets (€mn)

- Decrease in Group Net Investment Income by 14.5% to € 175.6mn influenced mainly by widening of credit spreads and share prices
- Conservative investment policy, e.g. no US-subprime, no monolines or CDOs



	3M 2008	3M 2007
Investment Income	347.1	268.2
<i>thereof: Current Income</i>	253.3	198.7
<i>thereof: Investment income from disposal</i>	76.7	54.0
Expenses for investments and interest	-188.0	-63.8
<i>thereof: realised investment losses</i>	-60.1	-3.8
<i>thereof: depreciation of investments</i>	-78.9	-24.9
Total ¹	159.1	204.4

1: excluding affiliated companies



Financial Targets

Targets remain unchanged

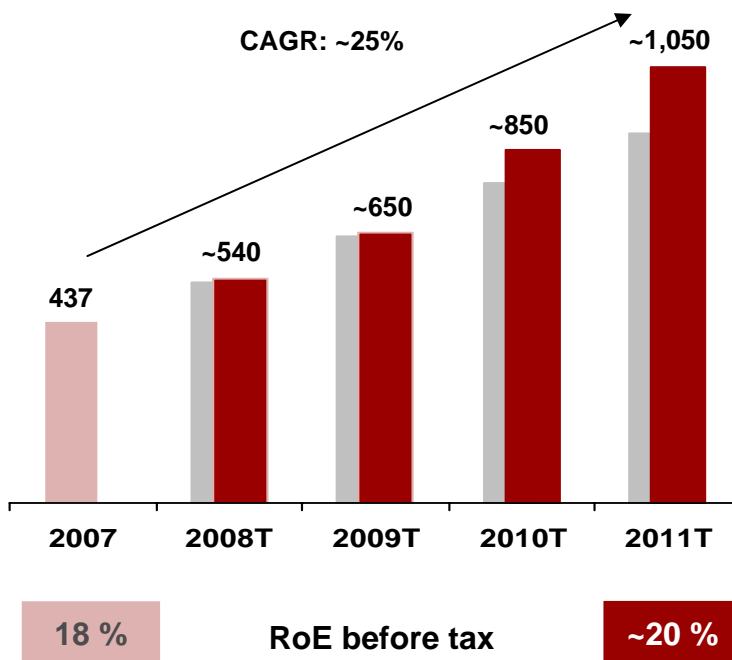
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VIG's Financial Targets

Comments

Premium Target for 2011: > EUR 12bn

Profit before tax targets in €mn



- 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



**Vienna Insurance Group-
3M 2008 results**

Appendix

3M 2008 P&L – Business Segments

Property & Casualty, IFRS (€mn)

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	3M 2008	3M 2007	+/-%
1. Gross written premiums	1,382.6	1,185.3	16.6
2. Net earned premiums	841.9	667.3	26.2
3. Net investment income	23.8	33.1	-28.1
4. Other income	7.7	4.5	72.5
Total income	873.4	704.9	23.9
6. Expenses for claims incurred	-538.4	-422.6	27.4
7. Operating expenses	-235.3	-195.1	20.6
8. Other expenses	-38.6	-30.6	25.9
Total expenses	-812.2	-648.4	25.3
Profit before tax	61.2	56.5	8.3

3M 2008 P&L – Business Segments

Life, IFRS (€mn)

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	3M 2008	3M 2007	+/-%
1. Gross written premiums	847.0	753.2	12.5
2. Net earned premiums	816.8	720.6	13.4
3. Net investment income	154.8	168.1	-7.9
4. Other income	9.8	4.4	121.3
Total income	981.4	893.1	9.9
6. Life benefits	-758.4	-699.0	8.5
7. Operating expenses	-145.4	-141.7	2.5
8. Other expenses	-15.4	-14.5	6.1
Total expenses	-919.1	-855.3	7.5
Profit before tax	62.3	37.8	64.8

3M 2008 P&L – Business Segments

Health, IFRS (€mn)

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	3M 2008	3M 2007	+/-%
1. Gross written premiums	81.7	79.9	2.2
2. Net earned premiums	78.0	76.4	2.1
3. Net investment income	-3.0	4.2	-172.6
4. Other income	0.0	0.0	0.0
Total income	75.0	80.6	-6.9
6. Expenses for claims incurred	-62.4	-63.1	-1.1
7. Operating expenses	-11.0	-10.8	1.5
8. Other expenses	-0.3	-0.2	28.8
Total expenses	-73.6	-74.1	-0.6
Profit before tax	1.4	6.5	-78.3

3M 2008 P&L - Split by Regions (I)

Regional segments, IFRS (€mn)

	Austria			Czech Republic		
	3M 2008	3M 2007	+/-%	3M 2008	3M 2007	+/-%
1. Gross written premiums	1,215.8	1,196.3	1.6	359.7	312.6	15.1
2. Net earned premiums	895.7	869.7	3.0	268.3	219.7	22.2
3. Net investment income	148.1	167.2	-11.4	6.4	12.6	-49.3
4. Other income	4.8	1.5	>100	3.3	3.0	10.2
Total income	1,048.5	1,038.3	1.0	278.0	235.2	18.2
6. Expenses for claims incurred	-808.8	-800.1	1.1	-183.4	-155.9	17.7
7. Operating expenses	-152.2	-163.3	-6.8	-60.3	-50.1	20.5
8. Other expenses	-11.5	-12.4	-7.3	-13.7	-10.9	25.5
Total expenses	-972.4	-975.8	-0.3	-257.5	-216.9	18.7
Profit before tax	76.1	62.5	21.7	20.6	18.3	12.1
Combined Ratio	95.7%	95.7%		91.3%	95.5%	

3M 2008 P&L - Split by Regions (II)

Regional segments, IFRS (€mn)

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	Slovakia			Poland			Romania		
	3M 2008	3M 2007	+/-%	3M 2008	3M 2007	+/-%	3M 2008	3M 2007	+/-%
1. Gross written premiums	161.3	141.4	14.1	174.0	121.4	43.3	200.9	106.2	89.1
2. Net earned premiums	122.6	93.9	30.6	157.4	104.3	51.0	136.4	62.8	>100
3. Net investment income	4.8	5.8	-18.4	2.6	5.4	-51.9	6.2	2.7	>100
4. Other income	0.7	0.5	34.5	4.1	1.0	>100	0.7	0.2	>100
Total income	128.1	100.3	27.8	164.1	110.6	48.4	143.4	65.7	>100
6. Expenses for claims incurred	-80.8	-55.8	44.8	-82.7	-50.0	65.3	-92.0	-32.8	>100
7. Operating expenses	-25.7	-22.6	13.6	-69.4	-54.2	27.9	-45.7	-30.6	49.3
8. Other expenses	-10.8	-11.8	-8.5	-4.8	-2.8	68.8	-2.9	-0.9	>100
Total expenses	-117.4	-90.3	30.0	-156.8	-107.0	46.5	-140.7	-64.4	>100
Profit before tax	10.8	10.0	8.0	7.3	3.6	>100	2.7	1.3	>100
Combined Ratio	94.7%	88.2%		95.0%	101.5%		101.6%	101.3%	

3M 2008 P&L - Split by Regions (III)

Regional segments, IFRS (€mn)

	Other CEE			Other			TOTAL		
	3M 2008	3M 2007	+/-%	3M 2008	3M 2007	+/-%	3M 2008	3M 2007	+/-%
1. Gross written premiums	124.3	69.9	77.7	75.3	70.6	6.6	2,311.2	2,018.4	14.5
2. Net earned premiums	90.5	52.1	73.7	65.8	62.0	6.1	1,736.8	1,464.3	18.6
3. Net investment income	4.1	7.4	-44.7	3.5	4.2	-17.5	175.6	205.3	-14.5
4. Other income	3.2	1.4	>100	0.7	1.3	-46.8	17.5	8.9	96.8
Total income	97.8	61.0	60.4	69.9	67.5	3.6	1,929.8	1,678.5	15.0
6. Expenses for claims incurred	-59.4	-37.0	60.8	-51.9	-53.1	-2.2	-1,359.1	-1,184.7	14.7
7. Operating expenses	-31.6	-20.1	57.1	-6.6	-6.7	-1.5	-391.6	-347.7	12.6
8. Other expenses	-4.1	-2.1	89.5	-6.6	-4.5	48.5	-54.3	-45.4	19.6
Total expenses	-95.1	-59.2	60.6	-65.1	-64.2	1.4	-1,805.0	-1,577.8	14.4
Profit before tax	2.7	1.7	53.3	4.8	3.3	45.7	124.8	100.7	23.9
Combined Ratio	99.6%	107.5%		76.2%	83.8%		95.5%	96.4%	

3M 2008 Results by Country

IFRS (€mn)

	Non-Life		Life		Total		Profit before Tax		Combined Ratio	
	3M 2008	3M 2007	3M 2008	3M 2007	3M 2008	3M 2007	3M 2008	3M 2007	3M 2008	3M 2007
Austria	683.8	675.6	532.0	520.7	1,215.8	1,196.3	76.1	62.5	95.7%	95.7%
Czech Rep.	275.8	245.0	83.9	67.6	359.7	312.6	20.6	18.3	91.3%	95.5%
Slovakia	105.2	102.0	56.1	39.4	161.3	141.3	10.8	10.0	94.7%	88.2%
Poland	99.7	77.0	74.4	44.4	174.0	121.4	7.3	3.6	95.0%	101.5%
Romania	189.4	102.5	11.4	3.7	200.9	106.2	2.7	1.3	101.6%	101.3%
Other CEE	91.1	45.0	33.2	25.0	124.3	69.9	2.7	1.7	99.6%	107.5%
Hungary	13.2	11.5	16.6	11.4	29.8	22.9	0.9	0.4	101.0%	121.4%
Croatia	13.3	12.0	9.9	9.4	23.1	21.4	0.3	0.2	98.7%	110.6%
Serbia	7.8	5.4	4.5	2.8	12.3	8.2	0.0	0.4	109.2%	102.9%
Bulgaria	28.8	16.0	2.0	1.4	30.8	17.4	0.8	0.8	93.4%	98.4%
Ukraine	9.3	-	0.3	-	9.6	-	0.2	-	99.6%	-
Turkey	18.7	-	-	-	18.7	-	0.4	-	106.0%	-
Other	19.3	18.2	56.0	52.4	75.3	70.6	4.8	3.3	76.2%	83.8%
Liechtenstein	-	-	42.7	39.1	42.7	39.1	0.7	0.3	-	-
Germany	19.3	18.2	13.3	13.2	32.6	31.4	4.1	3.0	76.2%	83.8%
Total	1,464.3	1,265.2	847.0	753.2	2,311.2	2,018.4	124.8	100.7	95.5%	96.4%

Change in Group Shareholders' Equity

IFRS

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	1.1. - 31.03.2008	1.1. - 31.03.2007
Equity as of 1 January	2,615,563	2,283,208
Currency Changes	16,465	-4,004
Changes to consolidation	6,607	37,987
Capital Increase	-	-
Unrealised Gains and Losses on financial instruments available for sale	-58,179	28,168
Profit for the period	98,868	82,174
Dividend payment	-580	-570
Equity as of 31 March	2,678,744	2,426,963

Life Insurance Premium Split

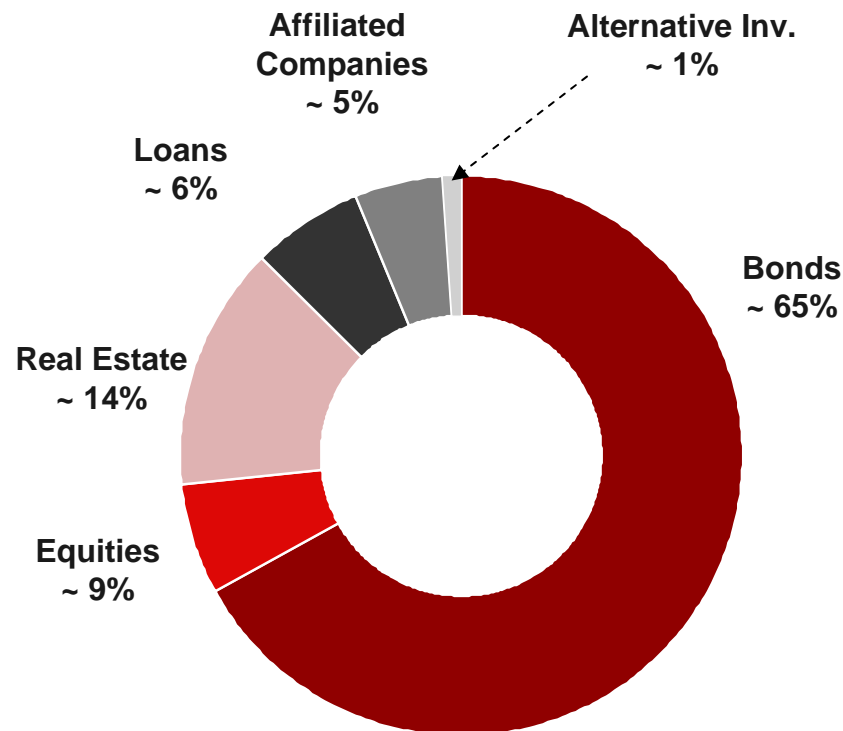
IFRS (€mn)

Premiums written - direct business	3M 2008	3M 2007	+/- %
Regular premiums	473.9	466.8	1.5%
Single premiums	371.7	278.4	33.5%
Total premiums written - direct business	845.6	745.2	13.5%
thereof:			
Policies with profit participation	482.5	448.7	7.5%
Policies without profit participation	119.5	121.0	-1.2%
unit- and index-linked life insurance	243.5	175.4	38.8%
thereof:			
Individual insurance	721.1	648.2	11.2%
Group insurance	124.6	97.0	28.4%

Investment policy

- VIG follows a conservative investment policy throughout market cycles
- VIG has no US-subprime investments
- VIG has no investments in monolines or CDOs
- Total exposure to the structured credit market is less than 0.5% of total investments

Rough Portfolio Outline



YE 2007 Total: EUR 20,171mn

3M 2008 Exchange Rates

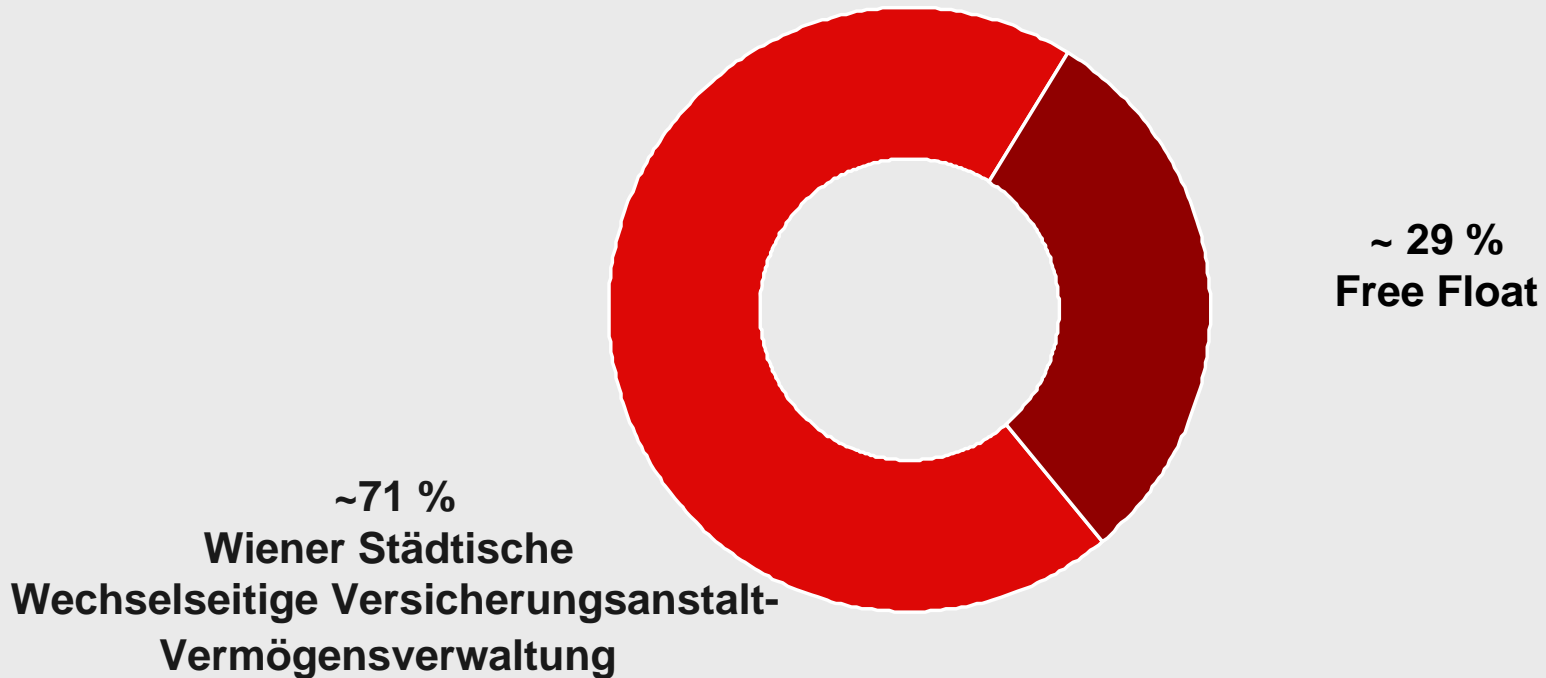
National currency unit per EUR

Country	Curr.	3M 2008		3M 2007	
		Balance Sheet EUR	P & L EUR	Balance Sheet EUR	P & L EUR
Bulgaria	EUR/BGN	1.9558	1.9558	1.9558	1.9558
Croatia	EUR/HRK	7.2690	7.2852	7.4050	7.3656
Liechtenstein	EUR/CHF	1.5738	1.6014	1.6247	1.6162
Poland	EUR/PLN	3.5220	3.5759	3.8668	3.8863
Romania	EUR/RON	3.7268	3.6887	3.3547	3.3812
Serbia	EUR/CSD	82.3146	82.8499	81.5727	80.1860
Slovakia	EUR/SKK	32.5820	33.0690	33.3400	34.3466
Czech Republic	EUR/CZK	25.3350	25.5639	28.0096	28.0371
Hungary	EUR/HUF	259.4300	259.3016	247.7701	252.3341
Turkey	EUR/TRY	2.0675	1.8036	n.a.	n.a.
Ukraine	EUR/UAH	7.9770	7.6974	n.a.	n.a.

Shareholder Structure (I)

Total number of shares 128,000,000

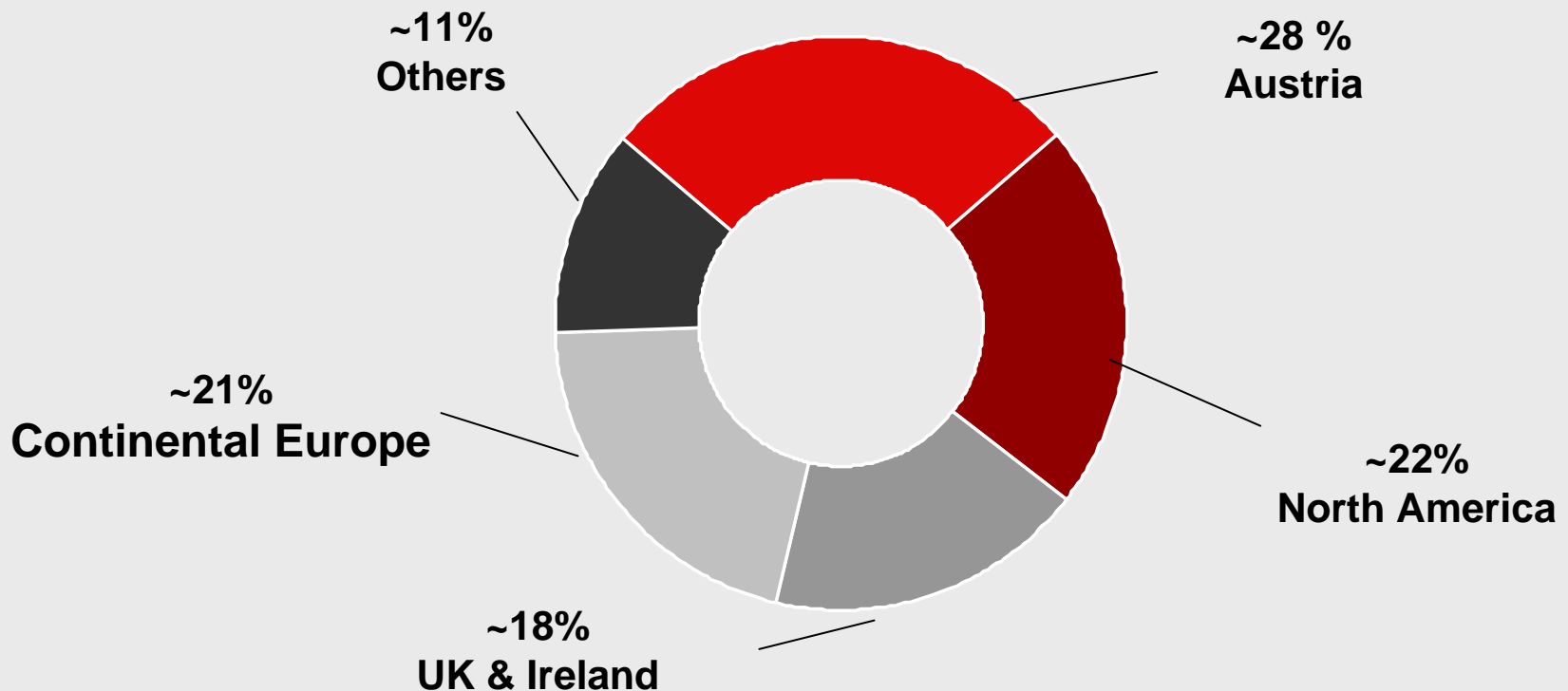
Shareholder Structure



Shareholder Structure (II)

Total number of shares 128,000,000

Free Float Geographical Split



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