



# FIB REPORT 2020

## ANALYSIS OF FOREIGN INSURANCE BUSINESS OF AUSTRIAN INSURANCE GROUPS

Division II/4 – Team Supervision of Insurance Groups

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## MANAGEMENT SUMMARY

The Foreign Insurance Business Report provides detailed information on the foreign insurance business of Austrian insurance groups. Foreign insurance business can either be done by subsidiaries or by use of the single-licensing-principle (branches and free provision of services). It's the foreign subsidiaries which are in the focus of this report. However, for the sake of completeness, a section dealing with branches and free provision of services is included in Chapter 2.4. of this report.

The analysis combines two different perspectives: a market perspective (cross market analysis and detailed analysis of insurance markets most relevant for Austrian insurance groups) and a group perspective.

Generally, the cut-off date for the data analysis is 31 December 2019. However, due to the tremendous effects on the markets caused by the COVID-19 pandemic, reference is made to more actual data and information as far as available. The latest insurance data retrieved from X-Primm refers to 30 June 2020.

Due to technical reasons when referred to amounts in this report a comma (,) is used as decimal while a dot (.) is used to separate thousands. Furthermore, abbreviations are used for million (m.) and billion (bn.).

### Cross market analysis (market perspective)

#### Scope of business

There are 5 Austrian insurance groups having insurance subsidiaries abroad, these are Vienna Insurance Group, UNIQA Group, GRAWE Group, Merkur Group and Wüstenrot Group. At the end of 2019, the scope of business of these groups comprised 89 foreign insurance and 4 foreign reinsurance companies in 27 countries, mainly in Central, Eastern and South Eastern Europe.

Taking into account the actual level of information, the number of foreign insurance companies will increase by end 2020 as UNIQA Group made a platform acquisition comprising insurance undertakings in Czechia, Slovakia and Poland.

For the purpose of the analysis, all relevant countries were clustered into 4 geographical segments: Central Europe (CE), South Eastern Europe (SEE), Eastern Europe (EE) and Western Europe (WE).

#### Macroeconomic overview of CESEE region

In 2019, GDP growth rates in Central, Eastern and Southeastern Europe (CESEE) were well above those of its Western Europe neighbouring countries. While the Euro area was widely characterized by stagnationary tendencies in the last year, the CESEE region showed a good performance of all economic fundamentals. This positive trend applied especially to EU member states in the region who also represent some of the most important foreign business countries for Austrian insurance groups.

In 2020, the decline as a consequence of COVID-19 pandemic in CESEE countries will be very heterogeneous corresponding to the exposure of their key economic sectors to the effects the lockdowns imposed. The latest prognosis available expects GDP of the Euro area to decrease by -8,5% in 2020, while the decline in the CESEE region on average lies at -4,5% of GDP.<sup>1</sup> The negative impact of the first pandemic wave of COVID-19 in the 2<sup>nd</sup> quarter of 2020 in CESEE was less severe due to early and effective lockdowns. Therefore the overall negative decline in 2020 is estimated to be less than for Western European countries, which have been hit harder already by the first wave.

Full economic recovery from the COVID-19 pandemic is likely to take several years in CESEE countries even under the premise that an effective vaccine is widely available next year. The positive effect of EU recovery funds to vulnerable countries in the region and the ECB's monetary policy supporting the Euro area during this economic crisis will be felt bilaterally over the next years.

### Insurance markets

Foreign insurance markets are rather heterogenic regarding size and the level of maturity. Referring to market size as measured by gross written premiums, Poland is the flagship market of the CE region, followed by the Czech Republic and Hungary. In the SEE segment, Romania, Bulgaria and Croatia are the biggest markets as measured by GWP volume. The EE segment is dominated by the huge insurance markets Russia and Turkey.

With regard to the level of maturity as measured by insurance density (i.e. premiums per capita) and insurance penetration (i.e. premiums in % of GDP), insurance markets in the CE region are significantly more mature than most of the markets in EE and SEE. However, some insurance markets of SEE – such as Bulgaria and Croatia – are catching up. Also some SEE countries show an insurance penetration in non-life that is already comparable to CE.

Insurance markets developed well in 2019 with all foreign geographical segments showing a growth of market premiums. The CE and SEE markets that are the most important segments from Austrian perspective, together reported an increase in GWP of nearly 5,3%.

Taking a look at the 1HY 2020 results, the effects of the COVID-19 crisis on the insurance markets become visible. Gross written premiums in CE and SEE declined by -4,7% compared to the first half year 2019, whereby the life and non-life segment were differently influenced. Non-life insurance remained rather stable or saw modest negative growth rates, despite the difficulties raised by the crisis on the motor insurance segment, which in most markets holds a dominant position. Life insurance seems to be the most affected business line, but this is not entirely a consequence of the COVID-crisis – in many markets the sector was showing a stagnant or even negative trend even before the crisis.

In some countries in the CESEE region, Austrian insurance groups have high market shares, whereat the picture regarding life insurance, non-life insurance and total market is sometimes heterogeneous. In the Czech Republic, Slovakia and Romania, Austrian insurance groups show market shares above 20%, not only on the total market but also in each segment. Total market shares above 10% have also been reported for Poland, Latvia, Hungary, Bulgaria and

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<sup>1</sup> wiiw (2020), wiiw Forecast Report, November 2020.

Croatia. Moreover, North Macedonia and Serbia reported aggregated market shares of Austrian groups in life insurance of 40% or more.

## Foreign insurance business (group perspective)

### Premium development

In 2019, Austrian insurance groups achieved an aggregated written premium volume (domestic and foreign business) of nearly 15 bn. EUR (2018: 14,3 bn. EUR). Foreign business via subsidiaries accounts for a share of 42,6% (2018: 40,3%).

An allocation of premiums to countries shows that over 70% of total foreign premium volume is generated in 6 countries: Czech Republic, Poland, Slovakia, Romania, Hungary and Croatia. These countries are classified as key markets for Austrian insurance groups. In addition, the Baltic countries are of growing importance, the aggregated written premium volume of the three countries amounted to 414,6 m. EUR in 2019, which means a premium share of almost 6,5% of total foreign premium volume of Austrian insurance groups.

### COVID-measures

In reaction to the COVID-19 crisis, some countries in CESEE issued regulations and imposed measures to safeguard the market and financial stability including dividend restrictions.

### Group solvency

At YE-2019, all insurance groups recorded group solvency ratios above 200%. With the COVID-19 crisis and the tremendous effects on the capital markets and economies, all insurance groups reported a drop in the group solvency ratio in Q1/2020 and a slight recovery in Q2/2020.

### Cross-border business via branches and FPS

Austrian insurance groups not only operate abroad via subsidiaries but also use the system of free provision of services and/or branches to generate business. Considering the five Austrian insurance groups, a premium volume of 918 m. EUR (2018: 1.014 m. EUR) results from operations via branches and/or free provision of services. With a share of nearly 93%, the major part of premiums accounts for free provision of services. The main countries for free provision of service business are Germany, Italy and Latvia.

## Analysis of key markets

In 2019, over 70% of total foreign premium volume of Austrian insurance groups were generated in six key markets: Czechia, Poland, Slovakia, Romania, Hungary and Croatia.

Due to their importance for Austrian insurance groups, each key market is subject to a more in-depth analysis that considers the macroeconomic environment and outlook as well as the structure and recent developments of the individual insurance markets including legal and regulatory changes. Moreover, important political developments and the stability of the system, the interaction with the EU, as well as the level of supervisory cooperation are taken into account.

# 1 CROSS MARKET ANALYSIS

## 1.1 Scope of business

The scope of insurance markets that are relevant for Austrian insurance groups is determined on the basis of information included in the annual quantitative reporting templates (Template S.32.01.04.01).

Five Austrian insurance groups (i.e. Vienna Insurance Group, UNIQA Group, GRAWE Group, Merkur Group and Wüstenrot Group) are active via subsidiaries on foreign insurance markets.

At the end of 2019, the scope of business of these groups comprised 89 foreign insurance and 4 foreign reinsurance companies in 27 countries, mainly in Central, Eastern and South Eastern Europe. Taking into account the actual level of information, the number of foreign insurance companies will increase by end 2020 as UNIQA Group made a big acquisition comprising insurance undertakings in Czechia, Slovakia and Poland.

The reinsurance companies serve mainly as reinsurers within their groups. In order to avoid double counting of premiums, these companies are excluded in the following analyses.

For the purpose of streamlining the analysis, the relevant countries are clustered into 4 geographical segments:

Western Europe (WE)	Central Europe (CE)	South Eastern Europe (SEE)	Eastern Europe (EE)
Germany	Czechia	Albania	Belarus
Liechtenstein	Estonia	Bosnia Herzegovina	Georgia
Switzerland	Hungary	Bulgaria	Moldova
	Latvia	Croatia	Russia
	Lithuania	Cyprus	Turkey
	Poland	Kosovo	Ukraine
	Slovakia	Montenegro	
		North Macedonia	
		Romania	
		Serbia	
		Slovenia	

Table 1: Countries allocated to geographical segments

## 1.2 Macroeconomic overview CESEE-region

In 2019, GDP growth rates in Central, Eastern and Southeastern Europe (CESEE) were well above those of its Western Europe neighbouring countries. While the Euro area was widely characterized by stagnationary tendencies in the last year, the CESEE region showed a good performance of all economic fundamentals: strong domestic demand caused by rising wages, a dynamic labour market and both expansionary private and public investments. Apart from political tensions suppressing economic development in some countries – in particular in Turkey, Russia and Belarus – the economic situation in CESEE in 2019 was overall positive.<sup>2</sup>

This positive trend applied especially to EU member states in the area – Czech Republic, Poland, Hungary and Romania among others – who showed both strong growth rates and very low unemployment. In fact, these countries also represent some of the most important foreign insurance business countries for Austria. In 2019 high growth rates were also realised by the Baltic countries – especially Estonia and Lithuania – driven by rising exports and consumer demand. Furthermore, countries in the Western Balkan – such as Serbia, North Macedonia and Kosovo – also showed exceptional GDP growth rates in 2019 driven mainly by strong foreign investments in the region (see also Annex 1: Risk Map Insurance and Macroeconomic Indicators).

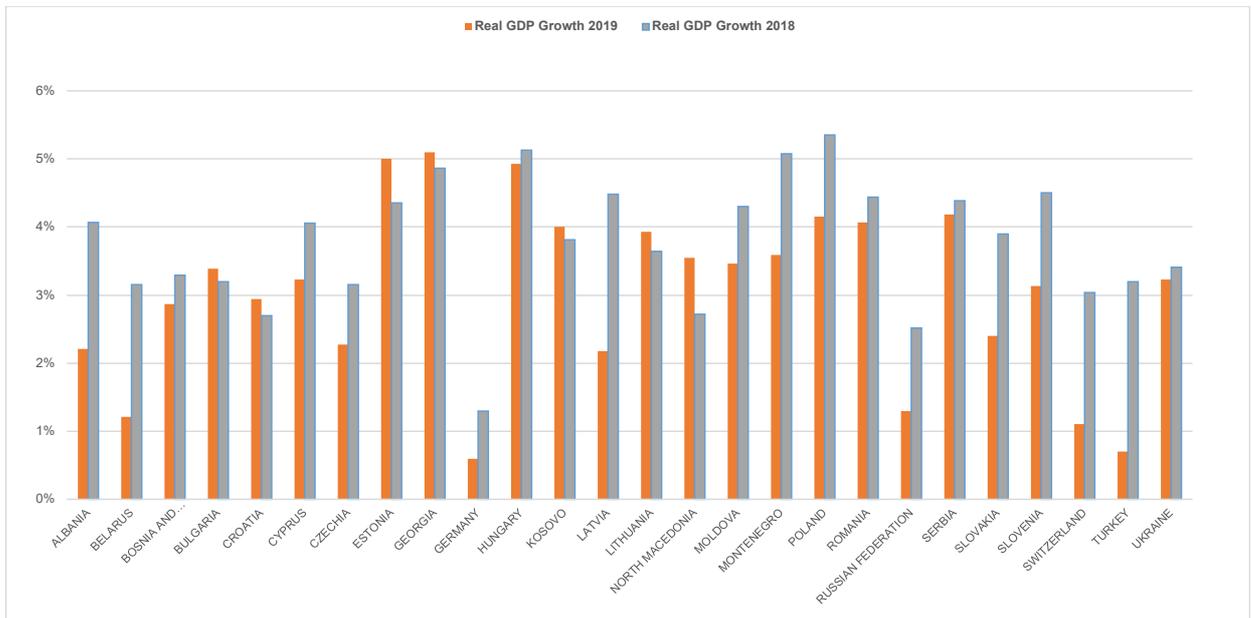


Table 2: Real GDP Growth (Sources: SNL; no data for Liechtenstein available)

<sup>2</sup> wiiw (2019), *Forecast Report No. Autumn 2019*.

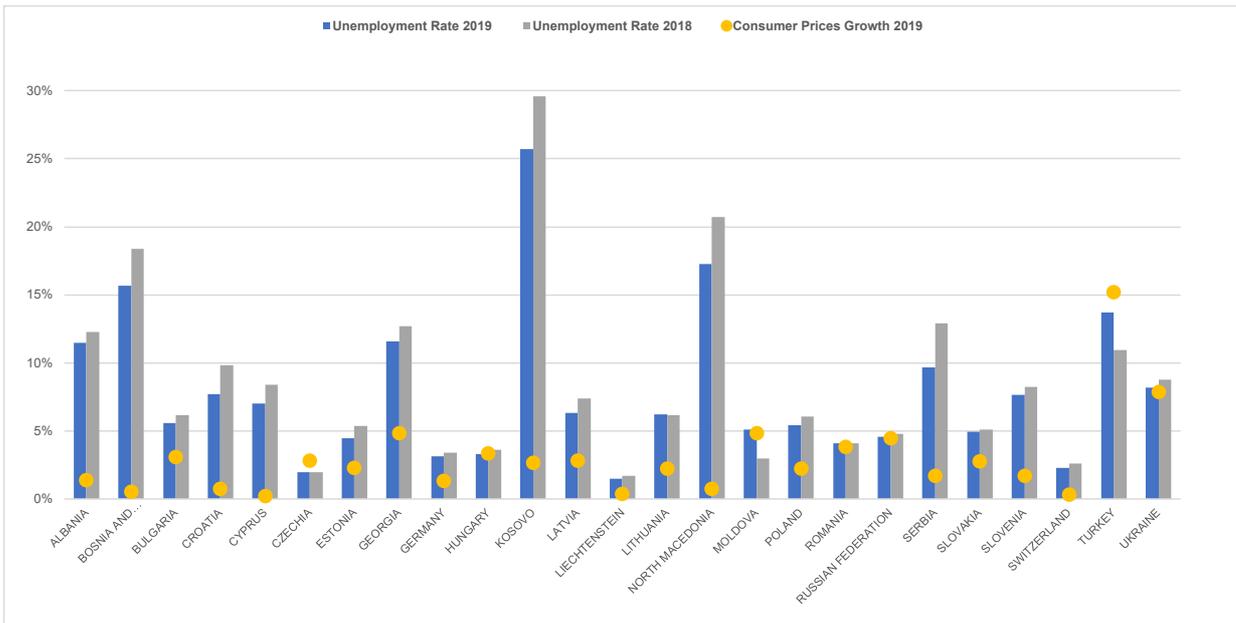


Table 3: Unemployment and Inflation (Sources: SNL, IMF; no data for Belarus and Montenegro available)

The economies of the CESEE area are strongly linked with those of Western Europe and highly dependent on international trade. In 2019, the main risks for the CESEE area therefore related to the increasing geopolitical frictions. These risks include rising protectionism worldwide and, in particular, potential US tariffs on automotive exports from the EU negatively affecting car exports from countries like the Czech Republic, Hungary or Slovakia. Since German car companies must adopt to new emission standards, difficulties with this transition would also affect car industry in CESEE. Moreover, the intensified trade conflict between China and the US already harmed international trade relations in 2019. Adding to that, the risk of a no-deal exit of the UK from the EU remains considerable also for the CESEE region. Again, this results from the dependence of CESEE on the broader core European economy but also – as with Poland - because of direct trade ties with the UK economy. Due to this factors and the global economic slowdown also the economic outlook for CESEE countries in 2019 already weakened comparing to previous years.<sup>3</sup>

### 1.2.1 COVID-19 crisis and outlook

The spread of the coronavirus in Europe in early 2020 added new dimension to the long-term macroeconomic trends in CESEE. Starting from a strong economic development of the CESEE region in 2019, the year 2020 brought about a severe deterioration of the real economy caused by the worldwide COVID-19 pandemic and the political responses necessary to contain it. Governments worldwide are still facing the challenging task to effectively defeat the virus by implementing social distancing measures and dealing on the downside with the resulting reduction of crucial economic activities. While the first wave of the spread of the Coronavirus in spring 2020 severely affected Southern and Western Europe, in the CESEE region this was

<sup>3</sup> wiiw (2019), *Forecast Report No. Autumn 2019*.

avoided by early and strict lockdown measures.<sup>4</sup> The second upsurge of COVID-19 cases in autumn 2020 unfortunately seems to affect many CESEE countries more than the first wave.<sup>5</sup> Therefore, chances for repeated lockdowns by governments reversing the economic recovery already seen in the 3<sup>rd</sup> quarter of 2020, become more likely.

In this situation, efforts to provide fiscal stimulus and compensation schemes for businesses and workers poses a challenge to many CESEE countries. In this regard, an advantage may become decisive in this crisis for EU member states. In the face of the COVID-19 crisis, the European Commission will establish an EU recovery funds in the amount of 750 bn. EUR in the period from 2020-2024. For this purpose, the Commission issues bonds on behalf of the member states. These funds are then distributed in the form of grants and loans to all EU member countries lifting refinancing pressure from individual EU-member states in the near future.<sup>6</sup> With well-graded government bonds yields at negative interest rates, the EU recovery programme will in fact support countries with vulnerable public financial positions more. In fact, EU members of the CESEE region will be among the most beneficiaries of these new additional EU funds. This will help these countries to cope better with the extraordinary fiscal challenges related to the COVID-19 crisis over the next years.

On the monetary side, the ECB is contributing exceptionally to the easing of liquidity on capital markets with the pandemic emergency purchase programme (PEPP) with a total anticipated amount of 1.350 bn. EUR.<sup>7</sup> While this measure is primarily targeted to the Euro area, it also has a substantial effect on the whole CESEE-area due the dependence of it's monetary regimes on the Euro and their link to the EU economy. There are thus significant positive spillovers expected for non-EU CESEE countries but mainly indirectly through their dependence on the core European economy. The limited fiscal and monetary space during the COVID-19 pandemic, in fact, poses a high risk for non-EU members in the CESEE area.<sup>8</sup>

Apart from the above-mentioned factors, the degree to which CESEE countries are affected negatively by the COVID-19 crisis depends on their individual structure of their economies. The downturn in CESEE countries may thus also be very heterogeneous corresponding to the exposure of their key economic sectors to the effects of the pandemic. Economies who depend largely on tourism – such as Croatia or Montenegro – or international trade are likely to be hit harder economically by COVID-19. Since, as already mentioned, the negative impact of the first wave of COVID-19 in the 2<sup>nd</sup> quarter of 2020 in CESEE was less severe than in Western Europe, the overall negative decline in 2020 is estimated to be less than for Western European countries.

The latest prognosis by the wiiw (11/2020) expects GDP of the Euro area to decrease by - 8,5% in 2020, while the decline in the CESEE region on average lies at -4,5% of GDP.<sup>9</sup> For

<sup>4</sup> The Guardian (2020), *Why has eastern Europe suffered less from coronavirus than the west?* <https://www.theguardian.com/world/2020/may/05/why-has-eastern-europe-suffered-less-from-coronavirus-than-the-west>, 5.5.2020.

<sup>5</sup> wiiw (2020), *wiiw Monthly Report No. 10*, October 2020.

<sup>6</sup> EC (2020), *The pillars of Next Generation EU\**, [https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe/pillars-next-generation-eu\\_en](https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe/pillars-next-generation-eu_en)

<sup>7</sup> ECB (2020), <https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp201029~4392a355f4.en.html>, 30.10.2020.

<sup>8</sup> OeNB (2020), *Conference on European Economic Integration (CEEI)*, 5-6.11.2020.

<sup>9</sup> wiiw (2020), *wiiw Forecast Report*, November 2020.

Austria, the repeated negative economic impact of the second strict lockdown at the end of the year has worsened the estimated change in GDP in 2020 to -7,7%. Even if a vaccine is available in at the beginning of the next year, GDP in Austria would grow only by 2,8% in 2021.<sup>10</sup>

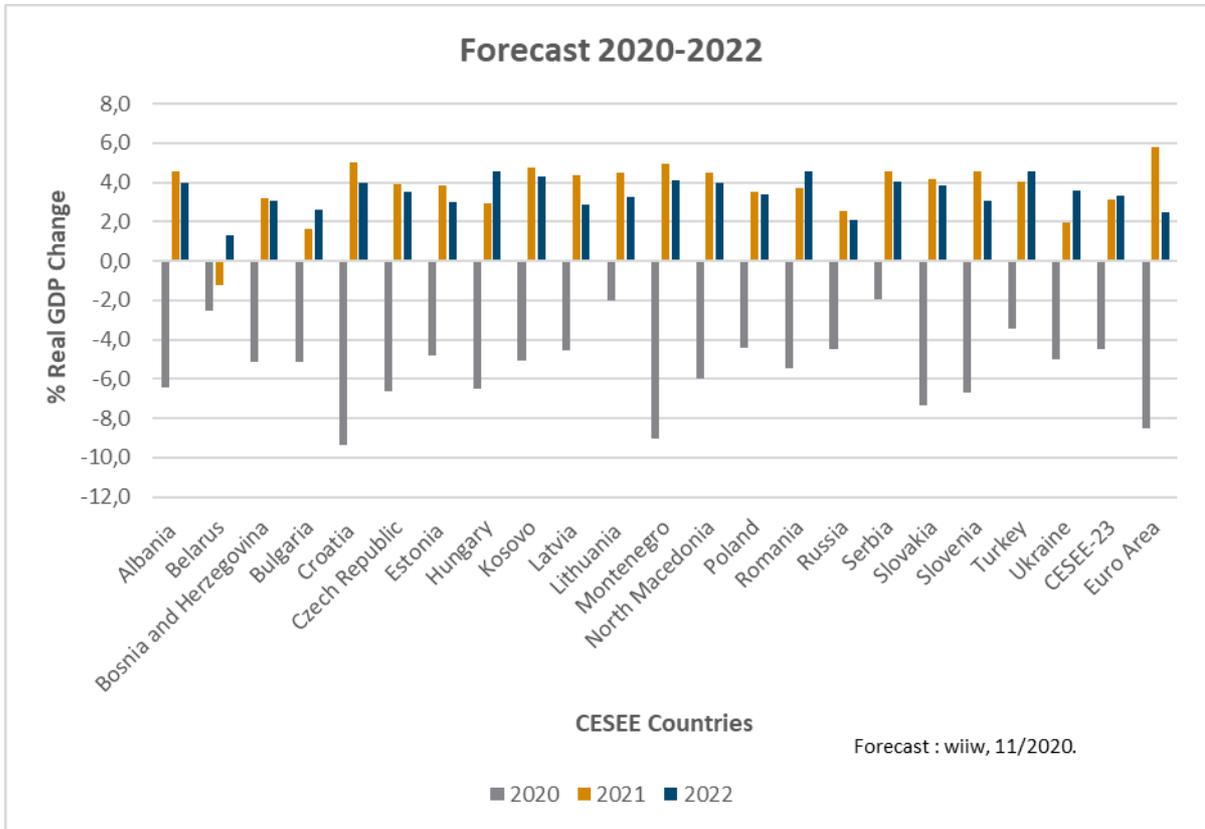


Table 4: GDP Forecast 2020-2022 CESEE countries (Source: wiiw, November 2020)

Full economic recovery from the COVID-19 pandemic is likely to take several years in CESEE countries, even under the premise that an effective vaccine is widely available next year.<sup>11</sup> Due to the strong ties between many economies of Western Europe and CESEE, both negative as well as positive spillovers during this economic crisis are felt bilaterally. This holds true especially for Austria. One of the examples of this close link is the foreign insurance business of Austrian insurance groups, which FMA monitors closely in the Supervisory Colleges.

<sup>10</sup> Wifo (2020), WIFO Research Briefs, 2020, (17), 5.11.2020.

<sup>11</sup> wiiw (2020), wiiw Forecast Report, November 2020.

## 1.3 Insurance markets

### 1.3.1 Market structure and characteristics

Insurance markets relevant for Austrian insurance groups differ significantly regarding size and level of maturity.

The indicators used to assess the level of maturity are insurance penetration (i.e. premiums in % of GDP) and insurance density (i.e. premiums per capita).

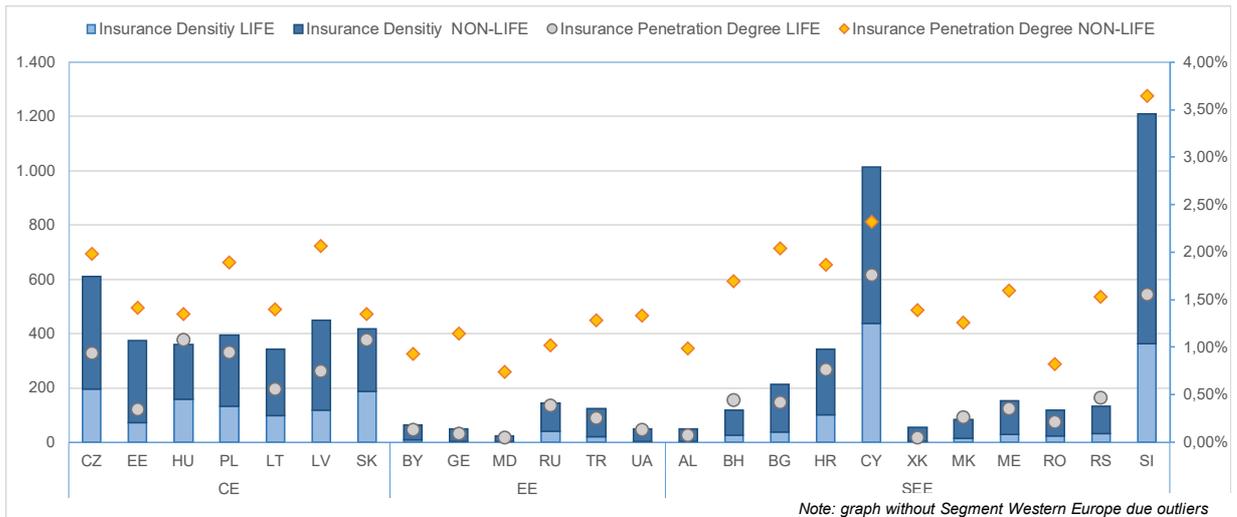


Table 5: Insurance Density and Insurance Penetration (life & non-life) per regional segment (Own calculation on basis of sources: IMF, SNL, Swiss Re, X Primm)

Insurance markets in the CE region are significantly more mature, showing higher insurance density and insurance penetration figures than most of the markets in EE and SEE. However, some insurance markets of SEE – such as Bulgaria and Croatia – are catching up. At all, some SEE countries show an insurance penetration in non-life that is already comparable to CE.

Austria and WE are not included in Table 5, as insurance market indicators are significantly higher than for the CESEE region. For 2019, Austria reported an insurance density of more than 2.100 EUR and an insurance penetration of 4,7%.

In order to illustrate the CESEE insurance landscape regarding market size and maturity level, the size of the insurance markets measured by gross written premium volume is linked to the indicators insurance density and insurance penetration. The colors of the bubbles reflect the allocation to the geographical segments.

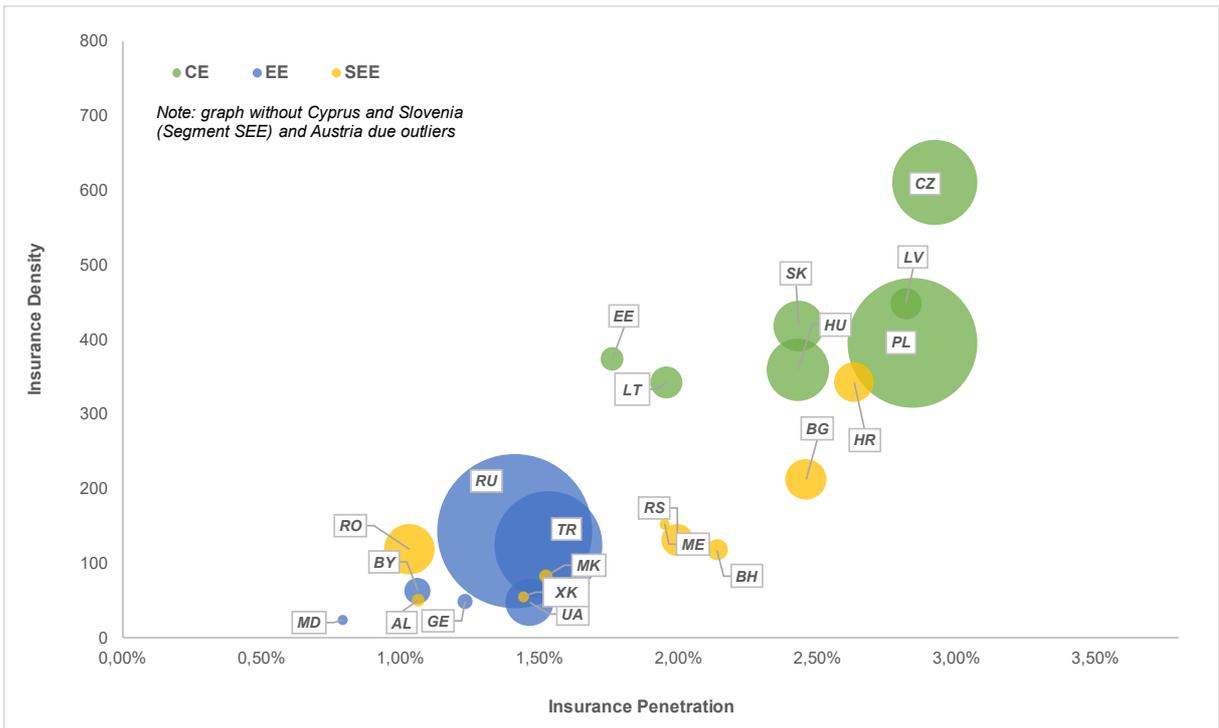


Table 6: Insurance Density, Insurance Penetration and GWP per Country in 2019 (Segment CE, EE, SEE) (Sources: X Primm; SNL; Swiss Re sigma)

Referring to market size (illustrated by the size of the bubbles in Table 6), Poland is the flagship market of the CE region, followed by the Czech Republic and Hungary. In the SEE segment, Romania, Bulgaria and Croatia are the biggest markets as measured by GWP volume. The EE segment is dominated by the huge insurance markets Russia and Turkey.

A timeline of insurance market indicators from 2016 to 2019 for selected markets shows a rather stable insurance penetration. This means that the relation of the insurance sector as measured by gross written premiums to overall economic performance as measured by GDP stays rather stable.

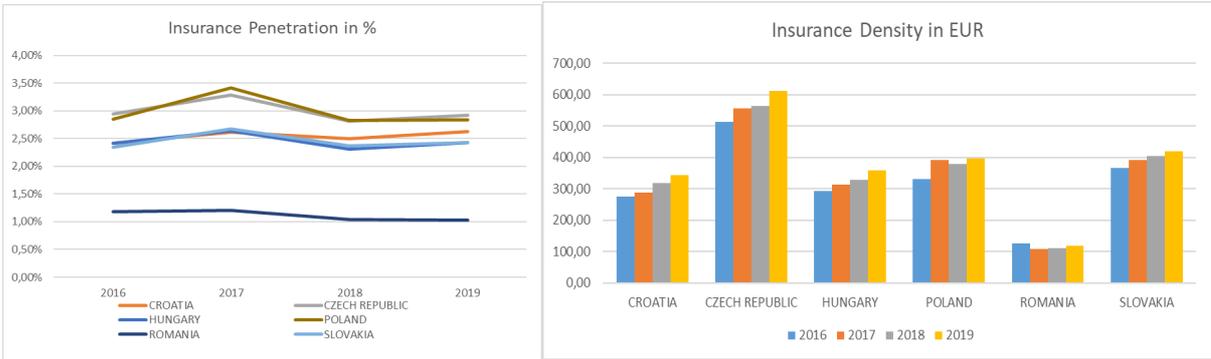


Table 7: Development of Insurance Penetration and Insurance Density from 2016 to 2019 for selected markets (Sources: SNL)

Except for Poland and Romania, insurance density was constantly increasing in the selected markets in the past four years, which means a positive dynamic and continuous market growth.

### 1.3.2 Market development

Information on insurance markets used in this chapter are mainly taken out of market reports published by X-Primm which is a media brand, incorporating several companies specialized in providing media products to the global re/insurance industry with the main focus on the CESEE and CIS regions.

#### 1.3.2.1 Insurance markets in 2019

The following table provides information on **insurance market premiums** of the relevant insurance markets, aggregated according to geographical segments:

Total Insurance Market (in m. EUR)	Gross Written Premiums		
	2019	2018	Δ in %
<b>AUSTRIA</b>	<b>18.839</b>	<b>18.527</b>	<b>1,68%</b>
<b>FOREIGN MARKETS</b>	<b>297.620</b>	<b>277.092</b>	<b>7,41%</b>
WE	222.994	209.337	6,52%
CE	29.580	28.103	5,25%
SEE	10.429	9.696	7,56%
EE	34.617	29.955	15,56%
<b>TOTAL</b>	<b>316.459</b>	<b>295.619</b>	<b>7,05%</b>

Table 8: GWP Development 2018-2019 per Segment (Sources: FMA Reporting Local GAAP per 31.12.2019 for Austrian business; X Primm and Swiss Re sigma for foreign business)

From an Austrian perspective, the geographical segment WE only includes the insurance markets of Germany and Liechtenstein (one insurance subsidiary in Switzerland is a pure reinsurer and therefore not included in this analysis). Even if it's by far the biggest segment regarding market size, the premium contribution of Austrian insurance subsidiaries to total foreign premium volume is small.

The second largest geographical segment as measured by market size, is EE which includes the huge insurance markets in Russia and Turkey. Austrian insurance groups are represented there, but - as for WE - premium contribution of Austrian insurance subsidiaries is small.

The insurance markets of CE and SEE are the most important ones for Austrian insurance groups. Even though the SEE segment comprises 11 insurance markets against 7 markets in the CE segment, aggregated gross written premium volume in SEE is significantly lower. As illustrated in Table 6, insurance markets in SEE are rather small compared to the CE markets where especially Poland and the Czech Republic as well as Hungary stand out due to their market size.

Overall, gross written premiums of relevant foreign insurance markets increased by 7,4% compared to the previous year. In order to analyze market trends in more detail, the following table shows the development of gross written premiums split into life insurance, non-life insurance and total market, including annual change.

Total Insurance Market (in m. EUR)	2019 Gross Written Premiums			2018 Gross Written Premiums			CHANGE GWP 2019/2018		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
AUSTRIA	5.418	13.421	18.839	5.540	12.987	18.527	-2,21%	3,34%	1,68%
FOREIGN MARKETS	113.719	183.867	297.620	103.496	173.487	277.092	9,88%	5,98%	7,41%
WE	92.966	129.995	222.994	83.712	125.516	209.337	11,05%	3,57%	6,52%
CE	10.248	19.331	29.580	10.232	17.871	28.103	0,16%	8,17%	5,25%
SEE	2.633	7.796	10.429	2.525	7.172	9.696	4,28%	8,70%	7,56%
EE	7.872	26.745	34.617	7.027	22.928	29.955	12,03%	16,64%	15,56%
<b>TOTAL</b>	<b>119.137</b>	<b>197.288</b>	<b>316.459</b>	<b>109.037</b>	<b>186.475</b>	<b>295.619</b>	<b>9,26%</b>	<b>5,80%</b>	<b>7,05%</b>

Table 9: GWP Development 2018-2019 per Segment for life, non-life and total (Sources: FMA Reporting Local GAAP per 31.12.2019 for Austrian business; X Primm and Swiss Re sigma for foreign business)

Generally, 2019 was a rather successful year regarding premiums development. All geographical segments of foreign markets show an increase in premiums, not only in total, but also in life and non-life insurance. Putting a spotlight on the CE and SEE markets an increase in GWP of 5,25% was observed for CE and of 7,65% for SEE.

The Polish market which is the biggest market in the CESEE-region, re-entered on a positive trend and an improved dynamic in a few of other bigger markets (e.g. Czech Republic) have led to the overall higher y-o-y growth in 2019 compared with the 2018/2017 change. Motor insurance lines (MTPL and Motor Hull) that traditionally hold dominant positions in the insurance markets, also had the strongest contribution to the market growth in 2019.

The TOP 5 markets in the CESEE-region in 2019 were Poland, Czech Republic, Hungary, Slovenia and Romania, accounting together for about 75% of the regional GWP-volume. The 2019 novelty in ranking terms is Romania entering on the 5<sup>th</sup> position, a place previously held by Slovakia.

Besides the TOP 5 markets, only the Estonian market saw a negative trend, shrinking nearly 11% y-o-y. The other two Baltic markets, Latvia and Lithuania saw a positive trend, Latvia reporting the second best dynamic in the whole region, with GWP going up by about 13% y-o-y. Bulgaria was the absolute champion in GWP growth terms with an increase in GWP of about 15%. The markets in the Western Balkans all recorded a positive change in GWP, but at lower paces than in 2018.

Foreign markets are rather dominated by non-life insurance lines, especially the motor lines. Referring to the CE segment, 65% of GWP accounts for non-life insurance, in the SEE markets this share is even higher with 75%.

Weight in Total GWP	Life	Non-Life
<b>Foreign Markets</b>	<b>38%</b>	<b>62%</b>
WE	42%	58%
CE	35%	65%
SEE	25%	75%
EE	23%	77%

Table 10: Weight of life insurance and non-life insurance in total market per geographical segment 2019 (Sources: X Primm)

The development in the life insurance sector is quite heterogenic. For the CE-region, life insurance sector's evolution was much influenced by the negative trend seen by the two biggest markets in the region, Poland and the Czech Republic. In absolute terms, they reported together a 137 m. EUR reduction in the life insurance GWP. In both cases, the main trendsetter was the Unit-linked category of life insurance, which recorded double-digit decrease rates.

However, an increase in life insurance premiums was observed in Hungary with a growth rate of 4% and the Baltics whereat Latvia showed the highest growth rate with 57,2% y-o-y. Over the whole CE segment, premium growth in life insurance stagnated at 0,16%.

For the SEE markets, the overall increase in life GWP amounted to 4,3%. Except for Croatia all Balkan states reported a growth in life insurance premiums. In Bulgaria, life insurance GWP even increased by 12,3% y-o-y<sup>12</sup>.

### 1.3.2.2 Insurance market developments in 1 HY 2020

Taking into account the effects of the COVID-19 crisis, the development of insurance markets in the first half year of 2020 differs significantly compared to the previous year. Market data were not available for all relevant foreign insurance markets, but at least for the CE, SEE and EE area the picture of premium volume is rather complete (only HY-data of Cyprus are missing). Information on insurance market developments presented in this section is taken out of the X-Primm Insurance Report 1HY 2020<sup>13</sup>.

Total Insurance Market (in m. EUR)	Gross Written Premiums		
	HY 2020	HY 2019	Δ in %
<b>AUSTRIA</b>	<b>10.438</b>	<b>10.180</b>	<b>2,54%</b>
<b>FOREIGN MARKETS</b>	<b>34.855</b>	<b>36.584</b>	<b>-4,73%</b>
WE	n.a.	n.a.	
CE	14.186	14.965	-5,21%
SEE	4.927	4.903	0,49%
EE	15.742	16.716	-5,82%
<b>TOTAL</b>	<b>45.293</b>	<b>46.764</b>	<b>-3,15%</b>

Table 11: GWP Development 1 HY 2019 and 1 HY 2020 per Segment (Sources: FMA Reporting Local GAAP for Austrian business; X Primm for foreign business)

The effects of the lockdown in spring were related to a worsening situation of the employment which determined a more careful spending behaviour for the retail and corporate customers. Customers tend to concentrate on the essentials and cut expenses considered unnecessary, while insurers and insurance intermediaries' efforts were directed towards demonstrating insurance products are a necessity, especially in hard times.

In this difficult environment, most CESEE markets performed better than expected, a few of them even reported positive GWP growth rates. Except for the markets that are already members of the Eurozone or that are operating with a pegged to Euro currency, CE markets' results denominated in European currency look worse, in growth terms, than those in the local currency because of the local currency's devaluation y-o-y.

Only five markets recorded a positive dynamic: Latvia (3,31% owed by large toe the SEB's life insurance subsidiaries merger into one entity), Serbia (4,28%, mostly owed to the increasing property insurance business), Slovenia (4,12%, mostly thanks to the increasing popularity of health insurance). Romania and Lithuania are markets that rather managed to maintain the 1HY 2019 level than really significantly increase the business volume.

<sup>12</sup> See "The calm Year before a new crisis" (X-Primm Insurance Report FY 2019, page 20-35)

<sup>13</sup> See "Navigating through the pandemic storm" (X-Primm Insurance Report 1HY 2020, page 16-27)

In a season with visibly decreasing motor insurance claims, due to the road transportation restrictions, and fortunately rather calm in extreme weather events, paid claims decreased in the CESEE region by almost 8% to 10,8 bn. EUR. The only notable exceptions were recorded in some of the Adriatic countries, mostly because of the significantly increased expenses for the property insurance claims.

Total Insurance Market (in m. EUR)	HY 2020 Gross Written Premiums			HY 2019 Gross Written Premiums			CHANGE GWP HY 2020/HY 2019		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
AUSTRIA	2.776	7.662	10.438	2.762	7.419	10.180	0,53%	3,29%	2,54%
FOREIGN MARKETS	9.138	25.679	34.855	9.743	26.840	36.584	-6,22%	-4,32%	-4,73%
WE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
CE	4.715	9.433	14.186	5.232	9.734	14.965	-9,88%	-3,09%	-5,21%
SEE	1.072	3.855	4.927	1.141	3.762	4.903	-6,06%	2,48%	0,49%
EE	3.351	12.391	15.742	3.371	13.345	16.716	-0,59%	-7,15%	-5,82%
<b>TOTAL</b>	<b>11.914</b>	<b>33.342</b>	<b>45.293</b>	<b>12.505</b>	<b>34.259</b>	<b>46.764</b>	<b>-4,73%</b>	<b>-2,68%</b>	<b>-3,15%</b>

Table 12: GWP Development 1 HY 2019 and 1 HY 2020 per Segment for life, non-life and total (Sources: FMA Reporting Local GAAP for Austrian business; X Primm for foreign business)

Life insurance seems to be the most affected business line, but this is not entirely a consequence of the Covid-crisis – in many markets the sector was showing a stagnant or even negative trend even before the crisis. In most CESEE markets, life insurance is either acquired as a savings instrument, with a rather modest pure protection component, or as collateral for a banking loan. As such, the low yields environment's impact on the life insurer's investments made life insurance products with an investment component less attractive in the last years without the additional strain of the pandemic crisis. On the other hand, as the banking loans activity slowed down, this also impacted the life insurance sales.

Overall, GWP for life insurance in the CESEE region amounted to 5,79 bn. EUR, which means a decrease of 9,2% down y-o-y. Life insurance saw positive dynamic mostly in very few markets – the very small ones, as Montenegro and Serbia, where the growth territory is so large that allowed growth even during crisis; Latvia showed an outstanding growth rate, but this was mostly due to the SEB's three Baltics life insurance entities which merged in one company.

Non-life insurance remained rather stable or saw modest negative growth rates, despite the difficulties raised by the crisis on the motor insurance segment, which in most markets holds a dominant position. While Romania, Serbia or the Slovak Republic's market owe the non-life sector's positive growth rate mostly to the motor insurance lines, especially MTPL, in Slovenia the health insurance business was the non-life market's driver. In Croatia and the Czech Republic, although the motor insurance – namely, the MTPL line – had a significant contribution to the market growth, there were also other business lines providing for the increasing GWP volume.

Both motor insurance classes recorded a negative change in GWP. Given the fall in new cars sales, the Motor Hull line saw a negative trend in almost most countries. The mandatory nature of the MTPL insurance helped maintain business at a rather stable level. Registrations of new cars decreased in the first half of 2020 for the EU 12 markets by 33%, for passenger cars, and 37% for commercial vehicles, the ACEA (European Automobile Manufacturers Association) statistics show. According to different sources, sales and registrations of second hand cars have also decreased significantly. In this context, the most important market driver of the motor insurance business was almost lost.

With almost empty roads for about two months, the number of road incidents decreased sharply. Yet, considering the long tail character of the MTPL insurance, for example, the decrease in claims paid was not so spectacular as maybe expected. This helped motor insurers to improve technical rates (loss ratios/combined ratios). In some markets, as for example the Romanian one, this would be a very good news if insurers manage to maintain the improved indicators also after the resumption of road traffic.

Property insurance recorded mostly positive growth rates. In the Adriatic area, following the Zagreb earthquake, property insurance take-up increased in the second quarter. However, this might be just a passing wave of popularity fuelled by the recent traumatic experience of the Zagreb earthquake. Overall, GWP for property insurance reached 2,7 bn. EUR, a 1,1% up y-o-y. Fortunately, except for the Zagreb earthquake and a few storms in the beginning of summer, the period was somewhat spared by extreme weather events, so that claims paid for property losses didn't record any significant increases, except for the Ex-Yugoslavian countries.

### 1.3.3 Market position

Market shares of Austrian insurance groups on local insurance markets are part of the annual reporting packages (Information Exchange Templates) submitted by the national competent authorities to the group supervisor in the frame of the regular exchange of information in supervisory colleges. Due to the fact that membership in the supervisory college is limited to EEA countries and Non-EEA countries that have at least professional secrecy rules equivalent to Union law, detailed information on market shares for some relevant insurance markets, especially in Eastern Europe is not available. For these countries, X-Primm statistics serve as a basis for a rough assessment of the market position of Austrian insurance groups.

In some countries in the CESEE region, Austrian insurance groups have high market shares, whereat the picture regarding life insurance, non-life insurance and total market is sometimes heterogeneous. In WE, Austrian insurance groups do not play a significant role on the local markets, therefore these countries are not considered.

The criterion for the order of the countries in the graph is total market share. However, for AL, EE, ME and RS no information on total market share is available. Due to inconsistencies in the annual reporting packages, data on market shares in AL and RS have been taken from the X-Primm statistics.

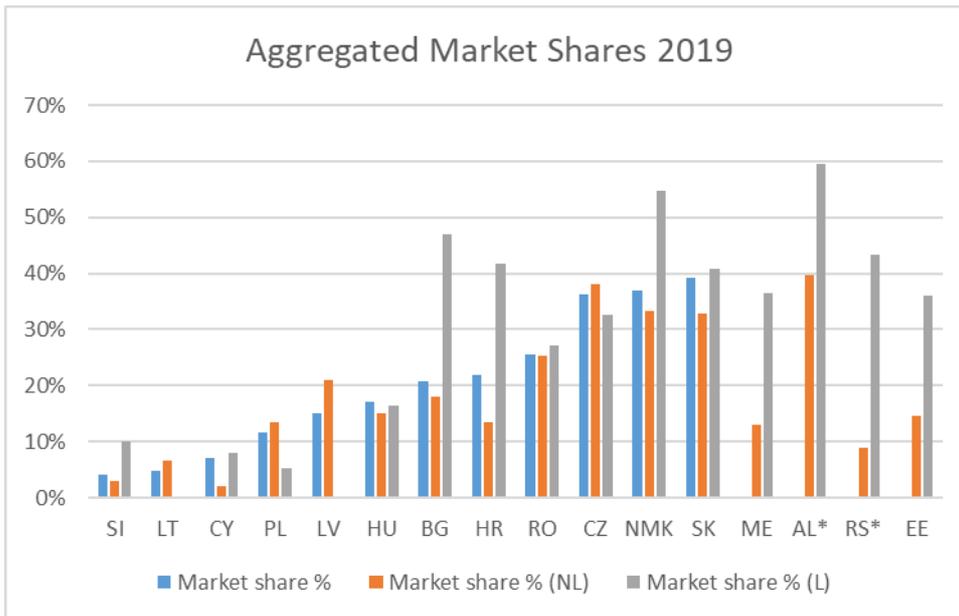


Table 13: Aggregated market shares of Austrian Insurance Groups for CE and SEE segment 2019 (Sources: Information Exchange Templates 2019 – reporting within the supervisory college)

In the two key markets CZ and SK Austrian insurance groups show market shares above 30%, not only on the total market but also in each segment.

In RO the level of market shares in each segment and for the total market is rather balanced with aggregated market shares between 25% and 27%. Significant total market shares above 10% have also been reported for PL, LV, HU, BG and HR.

It's the market shares in life insurance that stand out in some countries: BG, HR, NMK, SK and RS report aggregated life insurance market shares of Austrian groups of 40% or more.

For the Non-EEA countries in Eastern Europe (EE), data on market shares are taken from the X-Primm Insurance Report (FY 2019). Relevant markets in this geographical area are Turkey, Ukraine, Russia, Moldova, Georgia and Belarus. For these markets, information is only available for the TOP 5 life insurance and non-life insurance companies of the market.

In Turkey, Russia and Belarus Austrian insurance groups do not play a significant role on the local markets. There are no subsidiaries of Austrian insurance groups among the TOP 5 players, neither in life nor in non-life insurance.

In the Ukraine, the subsidiaries of UNIQA Group have significant market shares. With a market share of about 4,5%, the non-life subsidiary of UNIQA holds the second position on the market. It has to be considered that the Ukrainian non-life market is strongly fragmented, the TOP 5 non-life insurers unite an aggregated market share of only 20%. The situation on the life insurance market is different with an aggregated market share of the TOP 5 companies of over 90%. UNIQA Life holds the third position on the Ukrainian life insurance market with a market share of 18,8%.

In Moldova, the life insurance market is represented by only one insurance company and that's a subsidiary of an Austrian insurance group: GRAWE Carat Asigurari (subsidiary of GRAWE Group). On the non-life market, Donaris VIG (subsidiary of Vienna Insurance Group) holds the

second rank with a market share of 13,7% and GRAWE Carat Asigurari holds the 5<sup>th</sup> place with a market share of 10,1%.

In Georgia, the subsidiaries of Vienna Insurance Group hold significant market positions: In life insurance GPI Holding has a market share of 7,1% which means the fourth place on the market. On the non-life market, GPI Holding is the market leader with a market share of 17,9%.

## 2 FOREIGN INSURANCE BUSINESS

The analyses in this section include figures on premiums and performance of all domestic and foreign insurance undertakings being part of one of the five Austrian insurance groups. The aggregated data are taken out of the quantitative reporting templates (Template S.32.01.04.01). All insurance undertakings except pure reinsurance undertakings included in the scope of group supervision are included in the data. Key figures on premium volume of pure reinsurance undertakings are presented in section 2.1.3.

Premiums reported are written premiums (direct and indirect business) net of reinsurance ceded. All data refer to local financial statements using local GAAP or IFRS accounting.

### 2.1 Premium development

#### 2.1.1 Foreign premium share

In 2019, Austrian insurance groups achieved an aggregated written premium volume (domestic and foreign business) of nearly 15 bn. EUR (2018: 14,3 bn. EUR). Foreign business via subsidiaries accounts for a share of 42,6% (2018: 40,3%).

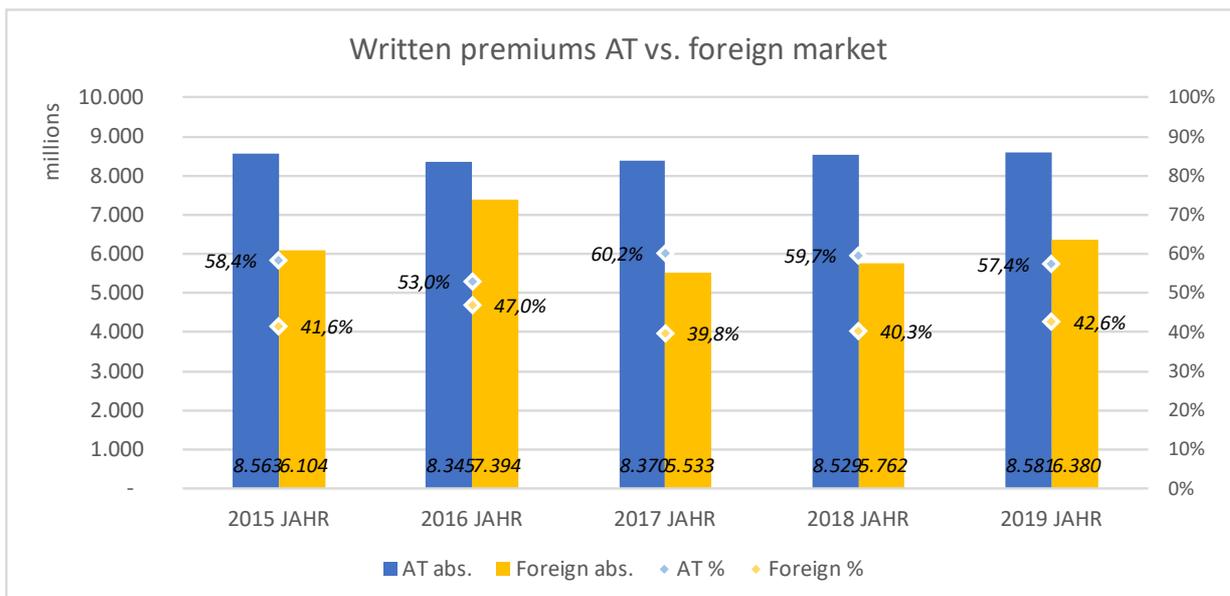


Table 14: Foreign Premium Share (Source: FMA Reporting per 31.12.2019)

After a significant drop in 2017 that for the most part resulted from the sale of the Italian subsidiaries of UNIQA Group, a continuous increase in the foreign premium share in the past three years is observable. Already for the year end data 2020, a further noticeable increase is expected because of the acquisition of the former AXA-subsiidiaries by UNIQA Group in the Czech Republic, Poland and Slovakia.

## 2.1.2 Allocation of premiums

As already presented in Chapter 1.1. of this report, Austrian insurance groups are active in various countries with a strong focus on the CESEE region. This is also reflected by an allocation of the aggregated premium volume according to geographical segments.

In m. EUR	2019		2018		Change in %
	Net Written Premiums	Premium Share <sup>1)</sup>	Net Written Premiums	Premium Share <sup>1)</sup>	
<b>AUSTRIA</b>	<b>8.581,17</b>	<b>57,36%</b>	<b>8.528,69</b>	<b>59,68%</b>	<b>0,62%</b>
<b>FOREIGN MARKETS</b>	<b>6.379,66</b>	<b>42,64%</b>	<b>5.762,24</b>	<b>40,32%</b>	<b>10,71%</b>
<b>WE</b>	<b>334,89</b>	<b>2,24%</b>	<b>293,26</b>	<b>2,05%</b>	<b>14,20%</b>
<b>CE</b>	<b>4.214,18</b>	<b>28,17%</b>	<b>3.824,79</b>	<b>26,76%</b>	<b>10,18%</b>
<b>SEE</b>	<b>1.408,50</b>	<b>9,41%</b>	<b>1.276,43</b>	<b>8,93%</b>	<b>10,35%</b>
<b>EE</b>	<b>422,09</b>	<b>2,82%</b>	<b>367,76</b>	<b>2,57%</b>	<b>14,77%</b>
<b>Total</b>	<b>14.960,83</b>	<b>100,00%</b>	<b>14.290,93</b>	<b>100,00%</b>	<b>4,69%</b>

<sup>1)</sup> Domestic and Foreign business only includes AUSTRIAN insurance Groups (Grawe, Merkur, UNIQA, VIG, Wüstenrot) with foreign business

Table 15 Written premiums (net of reinsurance ceded) in m. EUR and premium share according to geographical segments (Source: FMA Reporting per 31.12.2019)

Vienna Insurance Group and UNIQA Group generate business in all geographical segments, but Central Europe is their dominant geographical segment regarding written premiums. GRAWE Group and Merkur Group are focusing on South Eastern Europe. The foreign business of Wüstenrot Group mainly relies on its subsidiary in Slovakia.

Going one step further, written premiums not only are allocated to geographical segments but to countries. It can be seen that over 70% of total foreign premium volume is generated in 6 countries: Czech Republic, Poland, Slovakia, Romania, Hungary and Croatia. These countries are classified as key markets for Austrian insurance groups.

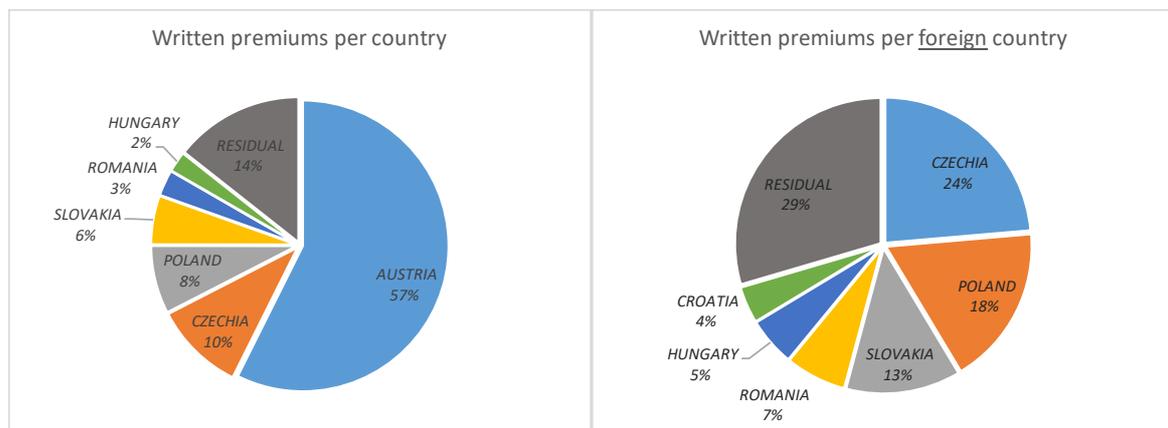


Table 16 – Premium Share in % per foreign country (left graph with Austria; right graph: without Austria); (Source: FMA Reporting per 31.12.2019)

In addition to these six countries, the premium development in the Baltic countries has to be monitored. For the purpose of the analysis, Estonia, Lithuania and Latvia are considered as one country – the “Baltics”. Written premiums generated in the Baltics amounted to 414,6 m. EUR in 2019, which means a premium share of 6,5% of total foreign premium volume.

## 2.2 COVID-measures

In reaction to the COVID-19 crisis, some countries issued regulations and imposed measures to safeguard the market and financial stability including dividend restrictions.

Dividend Restrictions	
<b>Czech Republic</b>	Expectation of CNB of postponement of dividends in 2019, but CNB is ready to acknowledge dividend payments in individual cases (i.e. insurance undertakings prove strong current solvency position, submit analysis of impacts of Covid-19 and submit robust stress testing taking into consideration deepening of spring volatility)
<b>Croatia</b>	Dividend Payment not allowed till 30 April 2021 (HANFA Decision)
<b>Poland</b>	Payment of dividends should be suspended (KNF letter)
<b>Romania</b>	No formal restrictions. ASF published a link to the EIOPA recommendation regarding dividends (incl. a translation into Romanian) and made an enquiry among the insurance undertakings regarding the payment of dividends
<b>Slovakia</b>	Press release including publication of the EIOPA recommendation regarding dividends. Letter of NBS to insurance undertakings with the recommendation not to pay out dividends
<b>Hungary</b>	Circular by MNB calling the attention of the insurers to take a more prudent approach than usual in this exceptional period to making decisions on discretionary dividend payments, share buy-backs or the creation of an obligation to pay large-amount variable remuneration, and therefore asked for the suspension of dividend distributions until 2021

Measures and recommendations to the insurance industry because of COVID-19 crisis that could be observed throughout the CESEE area included the following issues:

- Deadline postponements
- Dividend restrictions
- Payment holidays (premium exemptions, deferral of payment)
- Potential extension of insurance coverages
- Acceptance of digital distribution (identification matters)
- Insurance fraud (e.g. motor-hull)

## 2.3 Group solvency

For YE 2019, all insurance groups recorded group solvency ratios above 200%.

With the upcoming COVID-19 crisis and the tremendous effects on the capital markets and economies, all insurance groups reported a drop in the group solvency ratio in Q1/2020 and a

slight recovery in Q2/2020. At Q2/2020, solvency ratios of all Austrian insurance groups were however well above 150%.

## 2.4 Cross-border business via branches and free provision of services

Austrian insurance groups not only operate abroad via subsidiaries but also use the system of free provision of services and/or branches to generate business. The data used in this section refers to quantitative reporting templates at due date 31.12.2019. Regarding branches, data available include gross written premiums (direct and indirect business per line of business) claims incurred and commissions.

Business generated via branches or free provision of services is included in the financial statements of the domestic insurance undertaking.

For the five Austrian insurance groups, premium volume of 918 m. EUR (2018: 1.014 m. EUR) results from operations via branches and/or free provision of services<sup>14</sup>. With a share of nearly 93%, the major part of premiums accounts for free provision of services.

Gross written premiums of 65,6 m. EUR are generated by branches, this means a share of 7,1% of total GWP of branches and free provision of services.

Written premiums generated by free provision of services (direct and indirect business) amounted to 852,8 m. EUR (2018: 939,9 m. EUR) in 2019. The following graph on the distribution of FPS premiums according to countries only considers direct business.

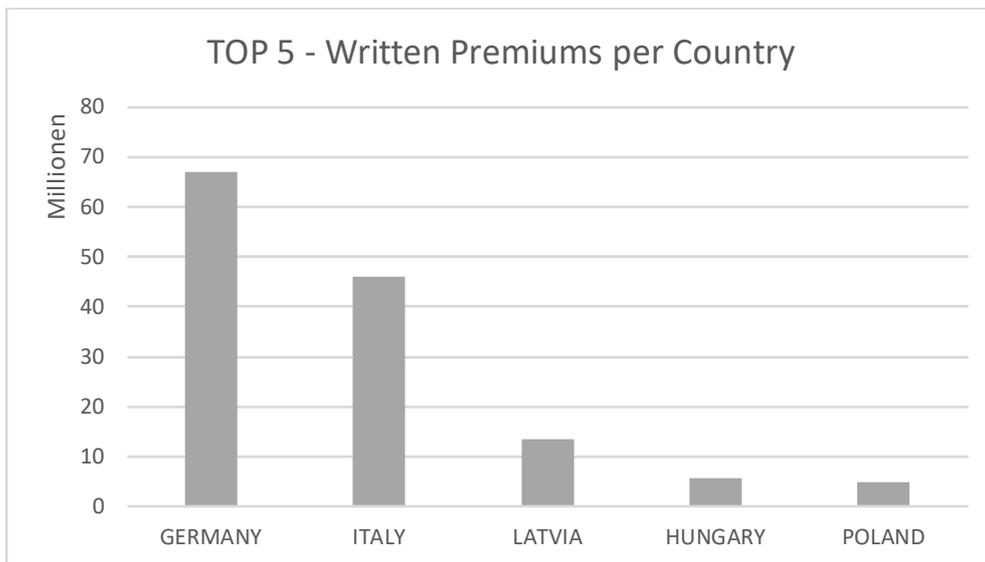


Table 17: TOP 5 countries - written premiums by free provision of services (Source: QRT Reporting 31.12.2019)

These TOP 5 countries account for nearly 84% of total FPS premiums (only direct business).

<sup>14</sup> In 2019, Austrian insurance undertakings (whole market) generated written premiums of about 1.135 m. EUR through branches or free provision of services, whereby 18% is allotted to branches and 82% to free provision of services.

### 3 ANALYSIS OF KEY MARKETS

All insurance markets relevant for Austrian insurance groups are categorized according to their foreign premium share, i.e. the relation of written premiums generated in a country to the total foreign written premium volume of Austrian groups. Markets with a foreign premium share above 4% are defined as so-called key markets. Premium figures are taken out of the annual quantitative reporting templates (Template S.32.01.04.01).

The list of key markets as well as their aggregated foreign premium share has not changed compared to the previous year. In 2019, over 70% of total foreign premium volume of Austrian insurance groups were generated in Czechia, Poland, Slovakia, Romania, Hungary and Croatia.

Due to their importance for Austrian insurance groups, each key market is subject to a more in-depth analysis that considers the macroeconomic environment and outlook as well as the structure and recent developments of the individual insurance markets including legal and regulatory changes. Moreover, important political developments and the stability of the system, the interaction with the EU, as well as the level of supervisory cooperation are taken into account.

In the following sections, the results of the key markets analyses are presented in order of the foreign premium share.

### 3.1 Czech Republic

Population (million)		10,69
Real GDP Growth 2019		2,27%
Real GDP Growth 2018		3,16%
Unemployment rate		2,00%
S&P Credit Rating		AA-

Table 18: Macroeconomic Key Indicators 2019 Czech Republic (Source: SNL)

Czech Republic already experienced a slight slowdown of economic growth in 2019. The strong dependency from the automotive industry and the German economy in this regard has put a damper growth. Still, the country showed quasi full employment rates and strong consumption.<sup>15</sup> As a consequence of the COVID-19 pandemic, real GDP is expected to decline by -6,6% in 2020. An excessive increase in unemployment was however avoided. A decline in foreign trade would create a considerable risk for economic recovery.<sup>16</sup>

#### 3.1.1 Insurance market overview

##### 3.1.1.1 Development and results 2019

At the end of 2019, gross written premiums amounted to 6.530 m. EUR, which is an increase of 8% compared to the previous year. The market results denominated in local currency show a slightly lower market growth rate of 7%.

About 32% of gross written premiums account for life insurance. Life insurance therefore saw a decline of -4%. While conventional life insurances has risen only slightly, there has been a significant decrease of -22% in index and unit-linked products but an increase in health of +54%. Motor insurance lines still showed a high growth rate of +11%, providing most of the additional premium volume. Motor lines (MTPL and Motor hull) contribute significantly with 29% to total gross written premiums. But also other insurance lines in non-life saw strong growth rates. In fact, the strongest relative increase in 2019 was seen in income protection insurance (+213%) contributing already 6% to total gross written premiums.<sup>17</sup>

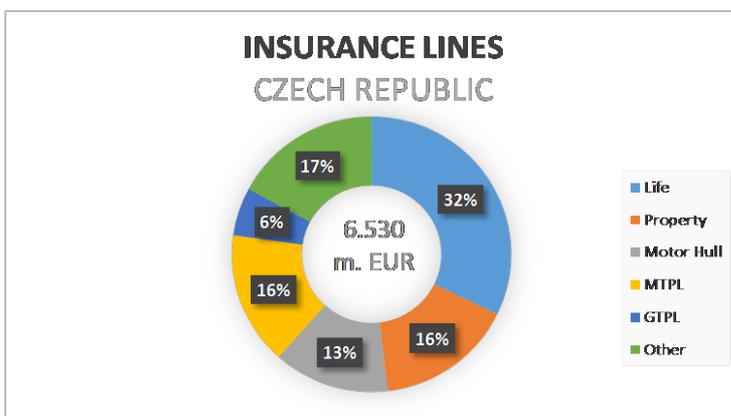


Table 19: Insurance Lines in Czech Republic 2019 (Source: X Primm Insurance Report)

<sup>15</sup> wiiw (2019), Forecast Report No. Autumn 2019.

<sup>16</sup> wiiw (2020), wiiw Forecast Report, November 2020.

<sup>17</sup> See X-Primm Insurance Report FY 2019 (page 44-45)

### 3.1.1.2 Update half year 2020

Comparing on a half-year basis, gross written premiums have declined by -4% as of Q2-2020 in Euro terms. In local currency the development was with 0,6% stable. The strongest decrease was experienced in life insurance with -17% where especially conventional life insurance declined by -39%. In non-life, there was a slight overall increase of premiums by +3%. While growth in motor insurance lines where with +2% solid, there was a reduction (in EUR) in premium volumes in property of -2% and more significant declines in specific insurances exposed to COVID-19 (e.g. travel insurance). Adding to the consequences of COVID-19, there were several weather conditions (floods, storms and fires) in Q2-2020 which caused increased claims in insurance lines concerned.<sup>18</sup>

As of January 2020, new taxes were imposed on insurance companies. Tax deductible provisions will be reduced by the amounts recoverable from reinsurance contracts and, simultaneously, increased by deferred acquisition costs for insurance contracts. Any impact of the transition to the new rules will be distributed over two tax periods. Additional taxes will therefore apply in 2020 and 2021.<sup>19</sup>

### 3.1.1.3 Market structure

Generali Ceska Pojistovna – a company that resulted after the merger of Ceska Pojistovna with the Czech branch of Generali in September 2019 – is now the biggest company on the Czech insurance market. On the life insurance market, it's still Kooperativa Pojistovna (subsidiary of Vienna Insurance Group) which has the leading position on the market.

Insurance Undertaking	Market Share 1 HY 2020 in %
<b>TOP 3 - Life insurance</b>	
Kooperativa Pojistovna	30,8%
Generali Ceska Pojistovna	22,7%
NN Zivotni Pojistovna N.V.	10,5%
<b>TOP 3 – Non Life insurance</b>	
Generali Ceska Pojistovna	29,0%
Kooperativa Pojistovna	19,8%
Allianz Pojistovna	12,8%

Table 20: TOP 3 market shares in the Czech Republic (Source: X Primm Insurance Report 1HY 2020)

### 3.1.2 Austrian insurance groups

UNIQA Group and VIG have insurance subsidiaries in the Czech Republic. These subsidiaries generated net written premiums (NWP) of about 1,5 bn. EUR in 2019, making the Czech Republic the most important foreign insurance market.

In total, insurance subsidiaries achieved an aggregated market share of 36,4% in 2019 (NL: 38,2%, L: 32,6%).

<sup>18</sup> See X-Primm Insurance Report 1HY 2020 (page 38-39)

<sup>19</sup> KPMG (2020), <https://home.kpmg/us/en/home/insights/2020/01/tnf-czech-republic-insurance-tax-amendments-excise-tax-rates-on-alcohol-and-tobacco.html>, 20.1.2020.

## 3.2 Poland

Population (million)	37,89
Real GDP Growth 2019	4,15%
Real GDP Growth 2018	5,35%
Unemployment rate	5,43%
S&P Credit Rating	A-

Table 21: Macroeconomic Key Indicators 2019 Poland

In 2019, Poland continued with strong economic growth accompanied by expansionary public investments substantially fostering household demand. The labour market showed signs of relaxation. As a consequence of the COVID-19 pandemic, real GDP is expected to decline by -4,4% in 2020. The continued expansionary fiscal and monetary expansion in response to COVID-19 may contribute positively to recovery. Industrial production in Poland and foreign trade, however, will be essential to keep this development sustainable.<sup>20</sup>

### 3.2.1 Insurance market overview

#### 3.2.1.1 Development and results 2019

Poland is the largest insurance market in the CESEE region and is still growing. In 2019, total gross written premiums grew by +3,7% to 14.989 m. EUR. In local currency the growth was with +2,7% less pronounced. Life insurance has seen a slight decrease mainly driven by a reduction in index or unit-linked products. Life insurance lines still make out a third of all premiums. Growth in non-life premiums was achieved in property insurance by +8% and more specialized insurance lines. Overall motor insurance premiums, which contribute 37% to total premiums, remained rather stable. Within motor insurance, motor hull has seen an increase of +5,4%. Comparing to the premium development, claims have increased over proportion in property insurance by +24% caused by extreme weather conditions. Also claims in motor insurance were 7 ppt above its premiums increase.<sup>21</sup>

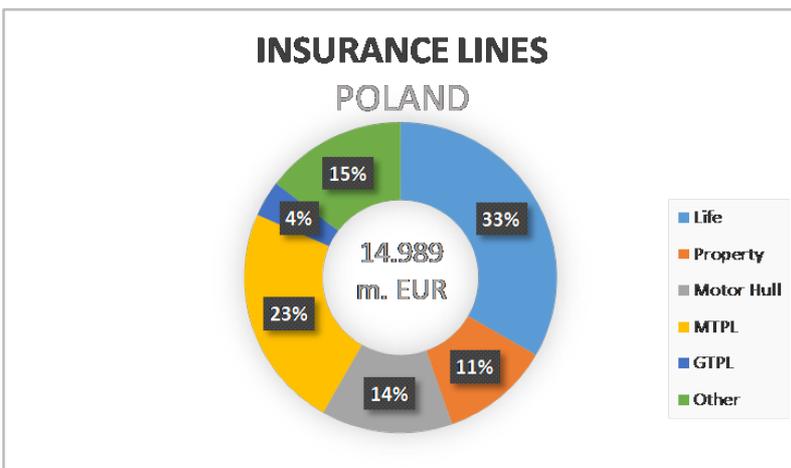


Table 22: Insurance Lines in Poland 2019 (Source: X Primm Insurance Report)

<sup>20</sup> wiiw (2019), Forecast Report No. Autumn 2019; wiiw (2020), wiiw Forecast Report, November 2020.

<sup>21</sup> See X-Primm Insurance Report FY 2019 (page 60-61)

### 3.2.1.2 Update half year 2020

Comparing on a half-year basis, total GWP in Poland have declined by -6,7% in Euro terms. Due to the depreciation of the local currency following the loose monetary policy as a response to COVID-19, this negative development was with -2% in local currency less pronounced. Corresponding to the long term trend, a reduction in premiums as of Q2-2020 was seen in life insurance while developments were more differentiated in non-life business. While property still showed an increase in premiums that slightly underscored the claims development, motor insurance saw a decline of around -3,8% in local currency. The claims development generally went in line with premium development. By June 2020, the negative effects of COVID-19 thus appear not to have materialized in the main insurance lines in Poland.<sup>22</sup>

### 3.2.1.3 Market structure

The domestic insurance company PZU clearly dominates the Polish insurance market. On the life insurance market, AVIVA achieved the second rang in 2018.

Insurance Undertaking	Market Share 1 HY 2020 in %
<b>TOP 3 - Life insurance</b>	
PZU Zycie	42,4%
AVIVA	9,4%
Nationale Nederlanden	7,9%
<b>TOP 3 – Non Life insurance</b>	
PZU	30,3%
ERGO Hestia	14,9%
WARTA	14,8%

Table 23: TOP 3 market shares in Poland (Source: X Primm Insurance Report 1 HY 2020)

## 3.3 Austrian insurance groups

Poland is the second largest foreign insurance market for Austrian groups, contributing a net written premium volume of about 1,1 bn. EUR. Vienna Insurance Group and UNIQA Group are active via various subsidiaries on the Polish Insurance Market.

In 2019, the Polish subsidiaries achieved an aggregated market share of the total market of 11,7% (NL: 13,4%, L: 5,3%).

<sup>22</sup> See X-Primm Insurance Report 1HY 2020 (page 54-55)

### 3.4 Slovakia

Population (million)	5,46
Real GDP Growth 2019	2,40%
Real GDP Growth 2018	3,90%
Unemployment rate	4,93%
S&P Credit Rating	A+

Table 24: Macroeconomic Key Indicators 2019 Slovakia

In 2019, growth already lost pace in Slovakia due to falling exports and investments. Also the car industry experienced a decline. The lockdown in response to the COVID-19 pandemic in the 2<sup>nd</sup> quarter of 2020 caused a severe drop in GDP. A strong recovery was already experienced in summer with also the car industry back on track. Real GDP is expected to decline by -7,3% in 2020 as consequence of the COVID-19 pandemic. Full recovery from this economic shock is likely to take more than one year.<sup>23</sup>

#### 3.4.1 Insurance market overview

##### 3.4.1.1 Development and results 2019

At the end of 2019, gross written premiums amounted to about 2.284 m. EUR, which indicates an increase of 1,65% compared to the previous year.

The life insurance segments which accounts for about 45% of the total market experienced only a slight decrease in premiums by -1,2%. Non-life business showed an increase in GWP by 4%, mostly driven by motor insurance lines and income protection insurance. Motor insurance accounts for about 31% of the market GWP portfolio, equally composed by Motor Hull and MTPL insurance lines. Property insurance remained with 1,4% rather stable contributing 13% to total gross written premiums.<sup>24</sup>

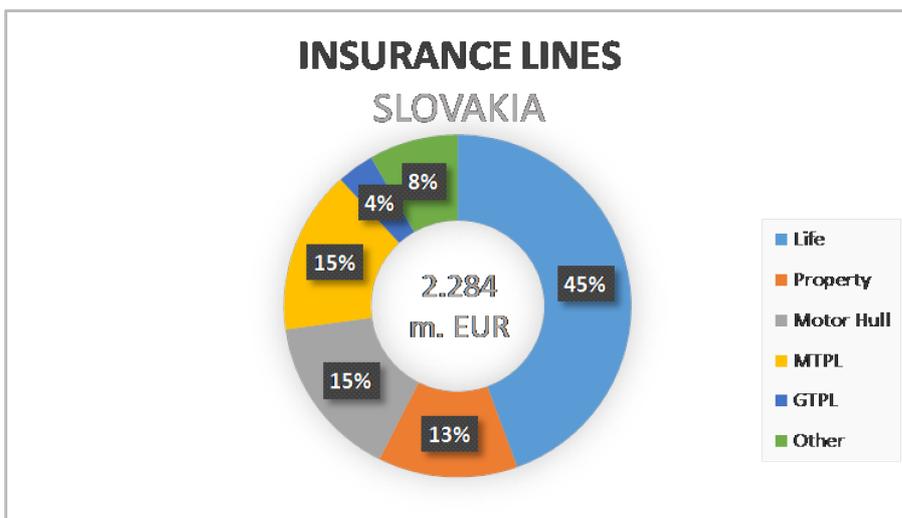


Table 25: Insurance Lines in Slovakia 2019 (Source: X Primm Insurance Report)

<sup>23</sup> wiiw (2019), Forecast Report No. Autumn 2019; wiiw (2020), wiiw Forecast Report, November 2020.

<sup>24</sup> See X-Primm Insurance Report FY 2019 (page 70-71)

### 3.4.1.2 Update half year 2020

The change in gross written premiums compared on a half-year basis at Q2-2020 was with -1,6% not significant. Life insurance again showed a decline by about -7% reflected in both unit linked and other life insurance lines. Non-life business has seen an increase in premiums mainly driven by motor insurance lines. Property insurance remained stable. As a likely consequence of the COVID-19 crisis, more specialized insurance lines have seen a sharp decline. This was however not significant for the overall GWP. Among other non-life business, premiums in income protection insurance and GTPL increased compared to the previous year. On the other hand, overall claims decreased strongly by -11,8% and therefore overcompensated the lack of GWP growth. Significant less claims were paid for unit-linked life products but also in motor insurance lines which might be a consequence of the national lockdown. Higher claims were, however, paid for property insurances.<sup>25</sup>

### 3.4.1.3 Market structure

The subsidiaries of Austrian insurance groups play an important role on the Slovakian insurance market. In the past two years, no more data on market shares were publicly available. On the basis of Austrian insurance groups' reporting, the subsidiaries of Austrian groups achieved an aggregated market share of 41,7% in 2019 (2018: 43,6%).

## 3.4.2 Austrian insurance groups

Three Austrian insurance groups carry out business via subsidiaries on the Slovakian insurance market. Those entities generated net written premiums of about 813 m. EUR making Slovakia ranked third of foreign business markets.

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<sup>25</sup> See X-Primm Insurance Report 1HY 2020 (page 62-63)

### 3.5 Romania

Population (million)	19,37
Real GDP Growth 2019	4,07%
Real GDP Growth 2018	4,44%
Unemployment rate	4,10%
S&P Credit Rating	BBB-

Table 26: Macroeconomic Key Indicators 2019 Romania

In 2019, the Romanian economy again performed strongly, however, thanks to a combination of expansionary monetary and fiscal policy as main drivers. The countries’ negative rating already questioned the sustainability of its policies in 2019. Despite the health risk, there were only regional lockdowns imposed in Romania in 2020 as consequence of the COVID-19 pandemic. Real GDP is expected to decline by –5,5% in 2020 more than revising last year’s growth. With COVID-19 stressing public expenditure further, public deficit may affect economic stability negatively. Moreover, there political/public governance risks exist that may also determine access to EU recovery funds.<sup>26</sup>

#### 3.5.1 Insurance market overview

##### 3.5.1.1 Development and results 2019

The Romanian insurance market increased by 5,6% in 2019, reaching a premium volume of about 2.29 bn. EUR. The entire portfolio structure only saw minor changes, motor lines still dominate the market with a premium share of over 57%.

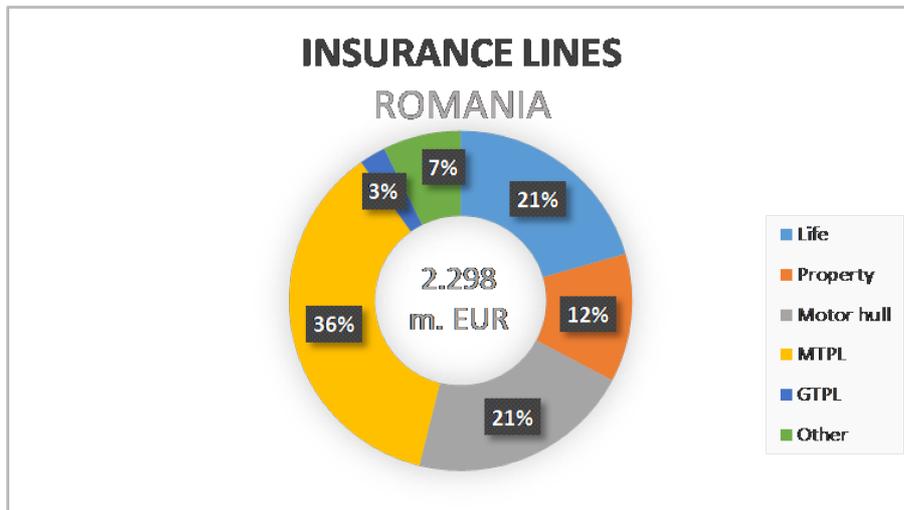


Table 27: Insurance Lines in Romania 2019 (Source: X Primm Insurance Report)

Non-life insurance lines recorded a positive dynamic, except for health insurance. Total GWP reached 1,82 bn. EUR, which means an increase of nearly 6% y-o-y. Motor insurance lines provided about 70% of this increase.

<sup>26</sup> wiiw (2019), Forecast Report No. Autumn 2019; wiiw (2020), wiiw Forecast Report, November 2020.

However, the motor lines have also seen an almost 14% increase in the claims paid. On both motor lines claims expenses increased significantly at a higher pace than premiums. On the Motor Hull line, the aggregated combined ratio worsened from 111,37% in 2018 to 122,11% in 2019. The aggregated combined ratio in MTPL went up from 111,75% in 2018 to 116,60% in 2019. It is also worth noting that while the average MTPL premium increased by 3,1% y-o-y to about 132 EUR, the average paid claim value grew by 7,4% y-o-y to 1.756 EUR.

Property insurance line saw a 7,3% increase in GWP to 280,7 m. EUR. At the end of 2019, there were approximately 1,53 million active facultative home insurance policies, while the number of active mandatory PAD policies was slightly exceeding 1,7 million. PAD is the mandatory home insurance policy covering the three main cat risks: earthquake, landslide and floods. These numbers show a very low coverage, only one in five Romanian homes being insured.

Strong windstorms, several floods and a rather big number of fires have determined, all together, a significant increase in the claims paid for property insurance. The combined ratio reached 72,5% in 2019 after 62,3% in 2018.<sup>27</sup>

### 3.5.1.2 Update half year 2020

The Romanian insurance market generated gross written premiums of about 1,2 bn. EUR in the 1 HY 2020, which means an increase of 1,2% y-o-y. In local currency, due to the about 2% depreciation of the Romanian Lei against the Euro, the GWP growth rate was higher of about 3,5%.

Motor classes, MTPL and Motor Hull, continued to hold the largest market share, accounting together for about 56,5% of the total GWP. Despite the restrictions on movement, caused by the COVID-19 pandemic, motor insurance GWP remained at the 1 HY 2019 level.

At the same time, fewer claims in the second quarter resulted in a significant improvement of the motor lines' combined ratio to 108,5% for Motor Hull (1HY 2019: 120,5%) and 107,4% for MTPL (1 HY 2019: 116,4%). However, only the year end results will confirm if the improvement reflects a long-lasting trend or not.

Property classes, the second largest group in the non-life sector, expanded by 5.3%. With just a little over 1,5 million facultative policies and 1,74 million mandatory PAD policies, Romanians' homes remain severely underinsured. Only 20% of the housing stock is covered by a mandatory PAD policy for NatCat risks (earthquake, floods, landslides).<sup>28</sup>

### 3.5.1.3 Market structure

The insurance market of Romania is characterized by a medium to high degree of concentration. City Insurance remained on the top position in the overall market ranking, while the podium was completed by Allianz-Tiriac and Euroins. Compared to the same period in 2019, Omnisig VIG has lost the third position in favor of Euroins. On the life insurance market

<sup>27</sup> See X Primm Insurance Report FY 2019 (page 66-67)

<sup>28</sup> See X-Primm Insurance Report 1HY 2020 (page 58-59)

and non-life insurance market, the subsidiaries of Vienna Insurance Group were pushed from the second to the third place.<sup>29</sup>

Insurance Undertaking	Market Share 1 HY 2020 in %
<b>TOP 3 - Life insurance</b>	
NN Asigurari de Viata	39,1%
BRD Asigurari de Viata	12,8%
BCR Asigurari de Viata VIG	12,6%
<b>TOP 3 – Non Life insurance</b>	
CITY Insurance	23,9%
EUROINS Romania	14,8%
OMNIASIG VIG	14,3%

Table 28: TOP 3 market shares in Romania (Source: X Primm Insurance Report 1 HY 2020)

### 3.5.2 Austrian insurance groups

In 2019, the Romanian subsidiaries of Austrian insurance groups generated net written premiums of 433,3 m. EUR (2018: 383 m. EUR).

In 2019, the Romanian insurance subsidiaries achieved an aggregated market share of 25,6% (NL: 25,2%, L: 27,2%).

<sup>29</sup> See X-Primm Insurance Report 1HY 2020 (page 59)

### 3.6 Hungary

Population (million)	9,68
Real GDP Growth 2019	4,93%
Real GDP Growth 2018	5,13%
Unemployment rate	3,30%
S&P Credit Rating	BBB

Table 29: Macroeconomic Key Indicators 2019 Hungary

Hungary has experienced exceptional high growth rates over the last years. Because of a tight labour market and geopolitical factors a slowdown of economic growth was however foreseeable. In 2019, this was also linked to the anticipation of a reduction of EU transfers.

As a consequence of the COVID-19 pandemic, real GDP of Hungary is expected to decline by –6,5% in 2020 while the effect on unemployment is minor. Factors for this severe economic impact of COVID-19 are traced back to the short-falls in tourism and a decline in car exports. Moreover, the crisis management of the government did not give incentives to investment or consumption. Although access of EU funds will be crucial for recovery in future, this support may be controversial with anti-democratic policies by the government in place.<sup>30</sup>

#### 3.6.1 Insurance market overview

##### 3.6.1.1 Development and results 2019

The insurance sector’s premium income in 2019 amounted to about 3,48 bn. EUR, rising by 9,27% y-o-y. Given the about 3% devaluation of the Hungarian Forint throughout the year, the results presented in local currency show a better dynamic.

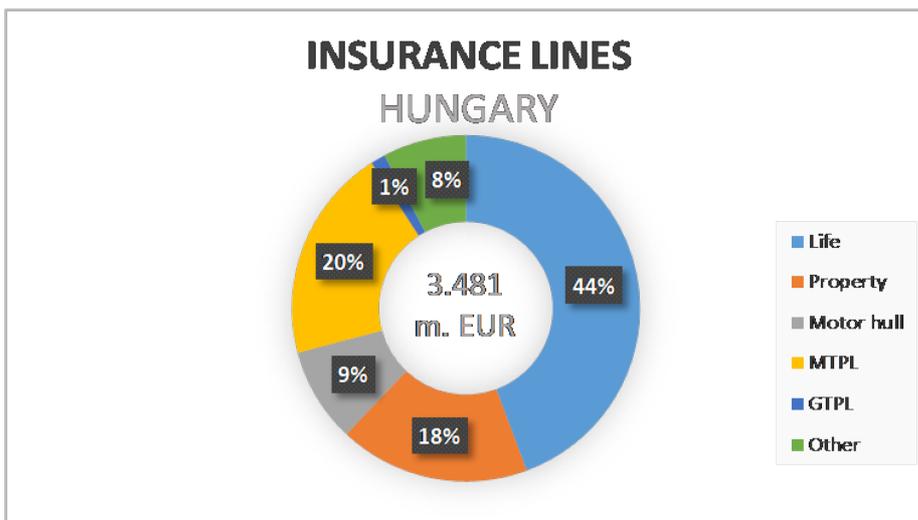


Table 30: Insurance Lines in Hungary 2019 (Source: X Primm Insurance Report)

Premium volume in life insurance increased by 4%. The lower dynamic of the life insurance segment compared to non-life insurance with a premium increase of 13,8%, was mostly

<sup>30</sup> wiiw (2019), Forecast Report No. Autumn 2019; wiiw (2020), wiiw Forecast Report, November 2020.

caused by the shrinking business witnessed on the Unit-linked products class, the most relevant life insurance line in the portfolio, for which GWP went down by 5%. To help improving this situation, new amendments to the Hungarian Insurance Activities Act have introduced additional obligations for insurers starting with 1 July 2019. Unit-linked consumers will gain more benefits and insurers will need to offer more transparency and support for their clients.

On the non-life side, motor insurance lines saw an impressive growth of 22,3%, most of it coming from the MTPL line, for which GWP increased by 29% y-o-y. A reason for this sharp increase may be the fact that, from 1 January 2019, the insurance tax replaced the previous accident tax (which was meanwhile phased out) in case of MTPL insurance (at a tax rate of 23%) which is payable as part of the insurance premium.

Property insurance recorded GWP increasing at an improved pace than in 2018 (5,2% vs. 1,2%), but also higher claims expenses, mostly caused by a series of extreme weather events, only between 1 May and 31 August. To improve households coverage degree, MNB announced the introduction of Certified Consumer Friendly Home Insurance System (MFO), to be available to customers starting in Q1/2020. The system consists in standardized home insurance policies, covering all 15 basic risks common to this type of products (e.g. fire, storm, lightning), customers having the option to add extra coverage suitable to their needs.<sup>31</sup>

#### 3.6.1.2 Update half year 2020

In local currency Hungary shows an increase in GWP of 3,65% y-o-y in the first half 2020 with non-life insurance contributing the major part of premium growth. However, in Euro gross written premiums decreased by nearly 6% y-o-y to 1.719,4 m. EUR in the first half year 2020.

In terms of claims, overall, claims incurred decreased by 15,3% y-o-y to 870,3 m. EUR. However, in the property line total claims increased by almost 10% resulting from the damages caused during this year's storm season from 1 May to 31 August.

On the legislative side, the central bank's intention to change the premiums paid by customers on MTPL insurance (kgfb in Hungarian) by 1 January 2021 has to be mentioned. In mid September, it calls local insurers to review the tariffs taking into account the "kgfb database" which has been accessible to insurers now for three quarters. MNB expects MTPL insurers to calculate premiums on a statistical basis, even from market players without their own databases, and informed that it will not accept lack of data as justification for increasing premiums on clients. Thus, MNB called on MTPL insurers to review their tariffs and, if necessary, to amend them so that they comply with the mentioned principles from 1. January 2021.<sup>32</sup>

#### 3.6.1.3 Market structure

In the last two years, no more data on market shares were published. On the basis of Austrian insurance groups' reporting, the subsidiaries of Austrian groups achieved an aggregated market share of 17,2% of the total market (2018: 15,8%).

<sup>31</sup> See X Primm Insurance Report FY 2019 (page 48-49)

<sup>32</sup> See X-Primm Insurance Report 1HY 2020 (page 42-43)

Italian Insurer Generali announced in August 2019 that it is taking over the entire life, non-life and composite insurance portfolios of the three entities of ERGO International AG in Hungary, along with those in Slovakia.<sup>33</sup>

### 3.6.2 Austrian insurance groups

Three Austrian insurance groups carry out business via subsidiaries on the Hungarian insurance market. Those entities generated total net written premiums of nearly 345 m. EUR in 2019 (2018: 307 m. EUR).

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<sup>33</sup> See X Primm Insurance Report FY 2019 (page 49)

### 3.7 Croatia

Population (million)	4,13
Real GDP Growth 2019	2,94%
Real GDP Growth 2018	2,70%
Unemployment rate	7,74%
S&P Credit Rating	BBB-

Table 31: Macroeconomic Key Indicators 2019 Croatia

The Croatian economy has been steadily growing in the preceding years. With low inflation rates and public finance in line with the convergence criteria, the prospects of becoming a part of the Euro area were good. However, Croatia may be worst affected economically by the COVID-19 pandemic in 2020 out of all CESEE countries. Since Croatia depends largely on international tourism and the summer season was underperforming due to COVID-19, the economy is estimated to decline by -9,4% in 2020.<sup>34</sup>

Unemployment in 2020 has risen further from an already high level. The mitigation of the COVID-19 crisis puts a heavy weight on public finances, however, Croatia is expected to receive significant funds from the EU recovery programme over the next years. With a vaccine available, also tourism might rebound faster.

#### 3.7.1 Insurance market overview

##### 3.7.1.1 Development and results 2019

Croatian insurers ended 2019 with a GWP volume of 1,4 bn. EUR, which means an increase of 6,64% y-o-y. This increase entirely owed to the non-life insurance lines, while life insurance saw a negative trend with premiums declining by 2,47% y-o-y.

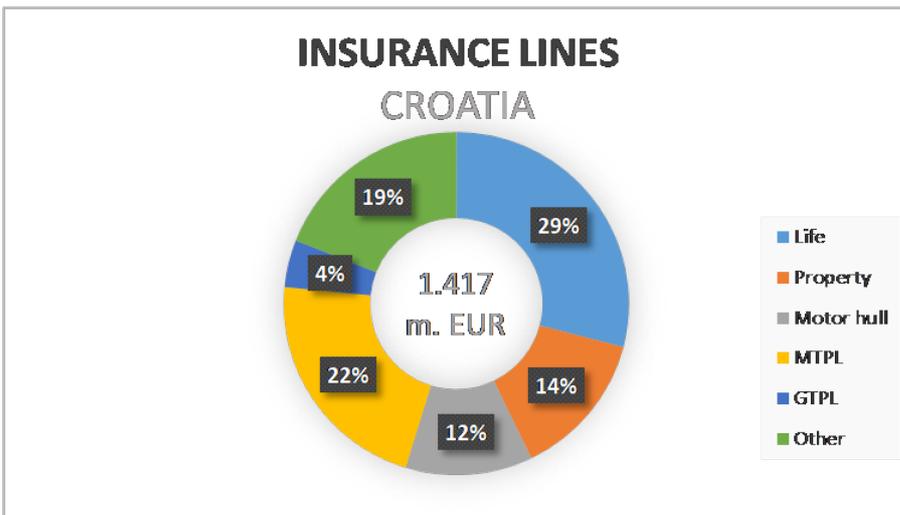


Table 32: Insurance Lines in Croatia 2019 (Source: X Primm Insurance Report)

<sup>34</sup> wiiw (2019), Forecast Report No. Autumn 2019; wiiw (2020), wiiw Forecast Report, November 2020.

Non-life insurance saw a positive dynamic on most insurance lines: Property insurance premiums increased by 8,17% to 195 m. EUR. Motor insurance lines reported an aggregated growth rate of 9,7%, with GWP reaching 477,6 m. EUR. In fact the best performance was seen on the Motor Hull line. On the mandatory MTPL line, the GWP growth of 5,13% came entirely from the increase in number of policies, while the average premium value remained stable at about 104 EUR per year.

For traditional life insurance products, the total number of contracts has decreased by 7,7% which determined a decrease in premiums of 1,33%. On the unit-linked products line, although the number of contracts concluded increased by about 10,2%, gross premiums decreased by almost 6%.

Total claims paid increased in 2019 as compared with the previous year, even at a higher pace than premiums, both on life and non-life segments.<sup>35</sup>

### 3.7.1.2 Update half year 2020

In the first half year 2020, Croatian insurers generated gross written premiums of about 749 m. EUR, which means a decrease of 4,43% y-o-y. The two main segments show opposite trends: there was a decrease in life insurance and an increase in non-life insurance, the latter was mainly driven by motor insurance and property insurance.

The MTPL line provided for the most consistent premium growth in absolute terms, the market MTPL premiums production grew mostly because of increasing prices (average MTPL premium grew up).

Property insurance lines growth is mostly driven by the increasing number of fire insurance policies, most probably as a direct effect of the recent Zagreb earthquake experience. On the other hand, claims paid on the property segment increased by 32,8% in average, especially in the fire insurance line.

According to the recent updates from the Croatian government, the 5.5 magnitude earthquake that hit Zagreb on 22 March 2020, caused economic losses estimated at about 5,56 bn. EUR. Expectations are that the final bill for insurers will amount to 55-63 m. EUR.

Data show the very low penetration of the earthquake insurance. In X-Primm's estimation, less the 10% of the Croatian homes are financially protected against the earthquake risk. In the previous years, the total premium written by Croatian insurers for the earthquake risk was about 10,6 m. EUR. In 2020, insurers expect the sum will increase to about 14,6 m. EUR, while the number of policies covering the earthquake risk will grow.<sup>36</sup>

### 3.7.1.3 Market structure

Compared to the previous year, Wiener Osiguranje which is a subsidiary of Vienna Insurance Group became the market leader on the life insurance market, followed by Croatia Osiguranje and Allianz Zagreb.

<sup>35</sup> See X Primm Insurance Report FY 2019 (page 42-43)

<sup>36</sup> See X-Primm Insurance Report 1HY 2020 (page 36-37)

Insurance Undertaking	Market Share 1HY 2020 in %
<b>TOP 3 - Life insurance</b>	
WIENER Osiguranje VIG	23,4%
CROATIA Osiguranje	16,3%
ALLIANZ Zagreb	14,4%
<b>TOP 3 – Non Life insurance</b>	
CROATIA Osiguranje	32,52%
EUROHERC Osiguranje	16,65%
ADRIATIC Osiguranje	9,86%

Table 33: TOP 3 market shares in Croatia (Source: X Primm Insurance Report 1 HY 2020)

### 3.7.2 Austrian insurance groups

Croatia is the only foreign market where all Austrian insurance groups have insurance subsidiaries. The accumulated written premiums of these entities amount to 261 m. EUR (2018: 231 m. EUR).

All Croatian insurance subsidiaries hold an aggregated market share of 21,8% in 2019 (NL: 13,5%, L: 41,8%).

# ABBILDUNGSVERZEICHNIS

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## ANNEX 1: RISK MAP INSURANCE AND MACROECONOMIC INDICATORS

Country	Gross written premiums per country (in million Euro) <sup>1)</sup>			Premium development total <sup>2)</sup>	Insurance Density (in Euro) <sup>3)</sup>			Insurance Penetration Degree <sup>3)</sup>			Macroeconomic indicators <sup>4)</sup>											
	Gross written premiums 2019 Life	Gross written premiums 2019 Non-Life	Gross written premiums 2019 Total	Premium development 2019 (Euro Basis)	Insurance Density LIFE	Insurance Density NON-LIFE	Insurance Density TOTAL	Insurance Penetration Degree LIFE	Insurance Penetration Degree NON-LIFE	Insurance Penetration Degree TOTAL	Un-employment Rate 2018	Un-employment Rate 2019	Real GDP Growth 2018	Real GDP Growth 2019	Consumer Prices Growth 2019	Population in million 2019	Long Term Rating Moody's	Long Term Rating Fitch	Long Term Rating S&P	Long Term Rating Direction Moody's	Long Term Rating Direction Fitch	Long Term Rating Direction S&P
ALBANIA	10,0	134,2	144,7	5,9%	3,5	46,6	50,2	0,1%	1,0%	1,1%	12,3%	11,5%	4,1%	2,2%	1,4%	2,9	B1	-	B+	Affirm	-	Upgrade
BELARUS	72,0	524,6	596,6	20,4%	7,6	55,5	63,1	0,1%	0,9%	1,1%	-	-	3,2%	1,2%	5,6%	9,5	B3	B	B	Affirm	Affirm	Upgrade
BOSNIA AND HERZEGOVINA	81,0	309,0	389,9	6,9%	24,5	93,6	118,1	0,4%	1,7%	2,1%	18,4%	15,7%	3,3%	2,9%	0,6%	3,3	B3	-	B	Affirm	-	-
BULGARIA	255,1	1.233,2	1.488,3	15,2%	36,5	176,4	212,9	0,4%	2,0%	2,5%	6,2%	5,6%	3,2%	3,4%	3,1%	7,0	Baa1	BBB	BBB	Upgrade	Affirm	-
CROATIA	412,1	1.004,8	1.416,9	6,6%	99,8	243,3	343,1	0,8%	1,9%	2,6%	9,8%	7,7%	2,7%	2,9%	0,8%	4,1	Ba2	BBB-	BBB-	Affirm	Affirm	Upgrade
CYPRUS	385,0	507,1	892,2	2,4%	437,5	576,3	1.013,8	1,8%	2,3%	4,1%	8,4%	7,0%	4,1%	3,2%	0,3%	0,9	Ba2	BBB-	BBB-	Affirm	Affirm	Upgrade
CZECHIA	2.102,2	4.427,9	6.530,0	8,3%	196,6	414,2	610,9	0,9%	2,0%	2,9%	2,0%	2,0%	3,2%	2,9%	2,9%	10,7	Aa3	AA-	AA-	Upgrade	Affirm	Upgrade
ESTONIA	95,9	397,9	493,8	-10,6%	72,7	301,5	374,1	0,3%	1,4%	1,8%	5,4%	4,5%	4,4%	5,0%	2,3%	1,3	A1	AA-	AA-	Affirm	Affirm	-
GEORGIA	14,2	180,5	194,7	10,3%	3,6	45,1	48,7	0,1%	1,1%	1,2%	12,7%	11,6%	4,9%	5,1%	4,8%	4,0	Ba2	BB	BB	Affirm	Affirm	Upgrade
GERMANY	90.732,0	127.130,0	217.862,0	6,6%	1.095,4	1.534,8	2.630,1	2,6%	3,7%	6,3%	3,4%	3,1%	1,3%	0,6%	1,4%	82,8	Aaa	AAA	AAA	Affirm	Affirm	-
HUNGARY	1.542,9	1.937,9	3.480,8	9,3%	159,4	200,2	359,6	1,1%	1,4%	2,4%	3,6%	3,3%	5,1%	4,9%	3,4%	9,7	Baa3	BBB	BBB	Affirm	Affirm	-
KOSOVO	3,5	98,0	101,5	8,6%	1,9	53,5	55,4	0,0%	1,4%	1,4%	29,6%	25,7%	3,8%	4,0%	2,7%	1,8	-	-	-	-	-	-
LATVIA	228,2	628,5	856,7	13,4%	119,5	329,1	448,6	0,8%	2,1%	2,8%	7,4%	6,3%	4,5%	2,2%	2,8%	1,9	A3	A-	A+	Affirm	Affirm	Upgrade
LIECHTENSTEIN	2.233,7	2.865,0	5.140,9	4,8%	57.946,5	74.324,1	133.365,8	40,4%	51,8%	92,9%	1,7%	1,5%	-	-	0,4%	0,0	-	AAA	-	-	-	-
LITHUANIA	270,4	674,8	945,2	7,6%	98,0	244,5	342,5	0,6%	1,4%	2,0%	6,2%	6,3%	3,6%	3,9%	2,2%	2,8	A3	A	A+	Affirm	Affirm	Upgrade
NORTH MACEDONIA	29,8	142,4	172,1	6,6%	14,3	68,4	82,8	0,3%	1,3%	1,5%	20,7%	17,3%	2,7%	3,6%	0,8%	2,1	-	BB+	BB-	-	Affirm	Downgrade
MOLDOVA	5,2	79,1	84,4	8,5%	1,5	22,3	23,8	0,0%	0,7%	0,8%	3,0%	5,1%	4,3%	3,5%	4,8%	3,5	B3	-	-	Affirm	Remove	-
MONTENEGRO	17,1	77,6	94,8	9,1%	27,5	124,8	152,4	0,4%	1,6%	2,0%	-	-	5,1%	3,6%	1,1%	0,6	B1	-	B+	Affirm	-	-
POLAND	4.995,9	9.995,3	14.989,1	3,7%	131,8	263,8	395,6	0,9%	1,9%	2,8%	6,1%	5,4%	5,4%	4,2%	2,3%	37,9	A2	A-	A-	Affirm	Affirm	Upgrade
ROMANIA	472,0	1.825,6	2.297,6	5,7%	24,4	94,2	118,6	0,2%	0,8%	1,0%	4,3%	4,1%	4,4%	4,1%	3,8%	19,4	Baa3	BBB-	BBB-	Affirm	Affirm	-
RUSSIAN FEDERATION	5.905,8	15.457,1	21.360,9	14,7%	39,6	102,8	143,4	0,4%	1,0%	1,4%	4,8%	4,6%	2,5%	1,3%	4,5%	148,9	Baa3	BBB	BBB	Upgrade	Affirm	Upgrade
SERBIA	213,1	700,6	913,7	8,1%	30,6	100,7	131,3	0,5%	1,5%	2,0%	12,9%	9,7%	4,4%	4,2%	1,7%	7,0	Ba3	BB+	BB+	Affirm	Affirm	-
SLOVAKIA	1.014,9	1.269,2	2.284,0	3,4%	185,9	232,4	418,3	1,1%	1,4%	2,4%	5,1%	4,9%	3,9%	2,4%	2,8%	5,5	A2	A	A+	Affirm	Downgrade	-
SLOVENIA	754,0	1.763,4	2.517,4	7,5%	362,5	847,8	1.210,3	1,6%	3,6%	5,2%	8,3%	7,6%	4,5%	3,1%	1,7%	2,1	A3	A	AA-	Upgrade	Affirm	Upgrade
SWITZERLAND	27.817,0	26.466,9	54.283,9	5,6%	3.230,8	3.074,0	6.304,7	4,3%	4,1%	8,3%	2,6%	2,3%	3,0%	1,1%	0,4%	8,6	Aaa	AAA	AAA	Affirm	Affirm	-
TURKEY	1.702,1	8.672,6	10.374,7	14,9%	20,4	104,0	124,4	0,3%	1,3%	1,5%	10,9%	13,7%	3,2%	0,7%	15,2%	83,4	B2	BB-	B+	Downgrade	Affirm	Downgrade
UKRAINE	175,0	1.830,9	2.005,9	28,9%	4,2	43,6	47,7	0,1%	1,3%	1,5%	8,8%	8,2%	3,4%	3,2%	7,9%	42,0	B3	B	B	Upgrade	Affirm	Upgrade
Risk Category				>15%	<10	<50	<100	<0,5%	<1%	<2%	>15%	>15%	<0%	<0%								
AUSTRIA	5.418,1	13.421,1	18.839,1	1,7%	626,4	1.551,6	2.177,9	1,4%	3,4%	4,7%	4,9%	4,5%	2,3%	1,5%	1,5%	8,7	Aa1	AA+	AA+	Affirm	Affirm	-

1) Sources: Xprimm 2019 Marketportfolio; Swiss Re sigma No 4/2020

2) Own calculation based on: Xprimm 2019 Marketportfolio; snl.com; Swiss Re sigma No 4/2020; IMF World Economic Outlook (Oct. 2020)

3) Own calculation based on: Xprimm 2019 Marketportfolio; snl.com; Swiss Re sigma No 4/2020; IMF World Economic Outlook (Oct. 2020)

4) Sources: snl.com; IMF World Economic Outlook (October 2020)