




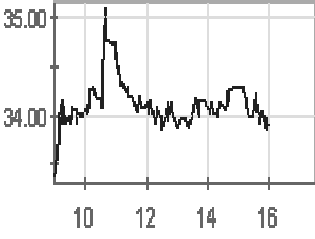
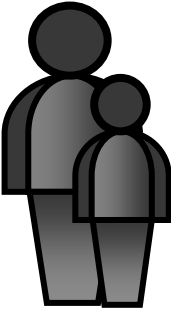


## Turkey as an Attractive Place for the European Insurance Sector?

Istanbul, 22 May 2011

# Vienna Insurance Group



## The Group at one glance

 <ul style="list-style-type: none"> <li>▶ active in <b>24 countries</b> of Europe</li> </ul>	 <ul style="list-style-type: none"> <li>▶ listed on the stock exchange in Vienna and Prague</li> </ul>
<p>About EUR 8,600,000,000</p> <ul style="list-style-type: none"> <li>▶ of premiums written in 2010</li> </ul>	 <ul style="list-style-type: none"> <li>▶ more than <b>25,000 employees</b> working for VIG groupwide</li> </ul>
 <ul style="list-style-type: none"> <li>▶ Rating: <b>A+ with a stable outlook</b> (Standard and Poor's)</li> </ul>	 <ul style="list-style-type: none"> <li>▶ operates about <b>50 insurance companies</b></li> </ul>

# Top positions in Austria and CEE

## The Vienna Insurance Group in 2010: Number 1 in its core markets

	Market position	Market share
<b>Austria</b>	<b>1<sup>st</sup> place</b>	<b>24.1%</b>
<b>Czech Republic</b>	<b>2<sup>nd</sup> place</b>	<b>30.7%</b>
<b>Slovakia</b>	<b>1<sup>st</sup> place</b>	<b>31.9%</b>
<b>Poland</b>	<b>NL: 3<sup>rd</sup> place</b>	<b>NL: 9.8%</b>
<b>Romania</b>	<b>1<sup>st</sup> place</b>	<b>26.9%</b>
Bulgaria	1 <sup>st</sup> place	17.6%
Croatia	4 <sup>th</sup> place	8.6%
Serbia	4 <sup>th</sup> place	7.7%
Ukraine	4 <sup>th</sup> place	3.0%
Hungary	7 <sup>th</sup> place	4.4%



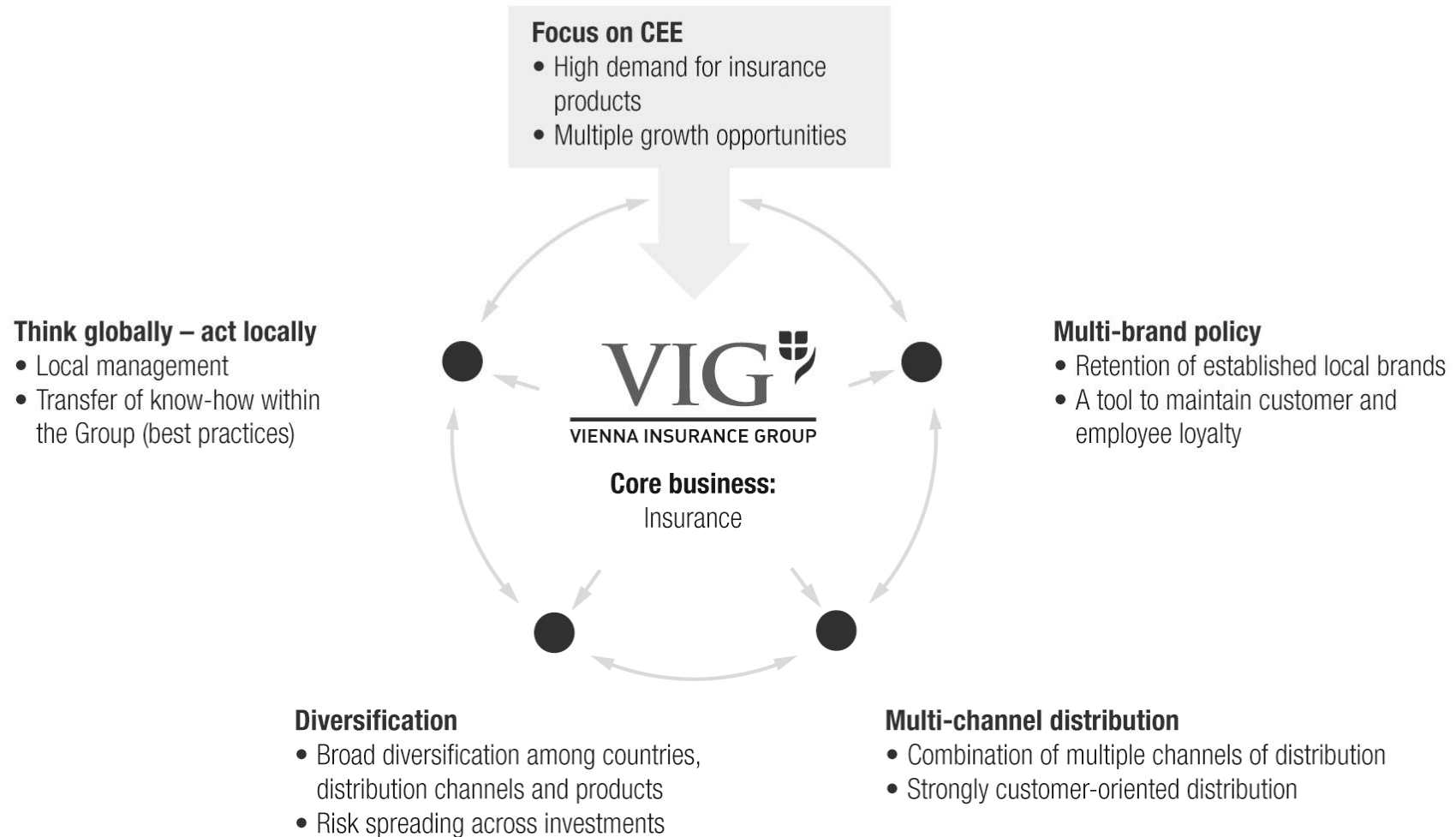
Core markets  
 Further VIG markets

# Management principles

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## The five cornerstones of the corporate strategy

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# Vienna Insurance Group in Turkey

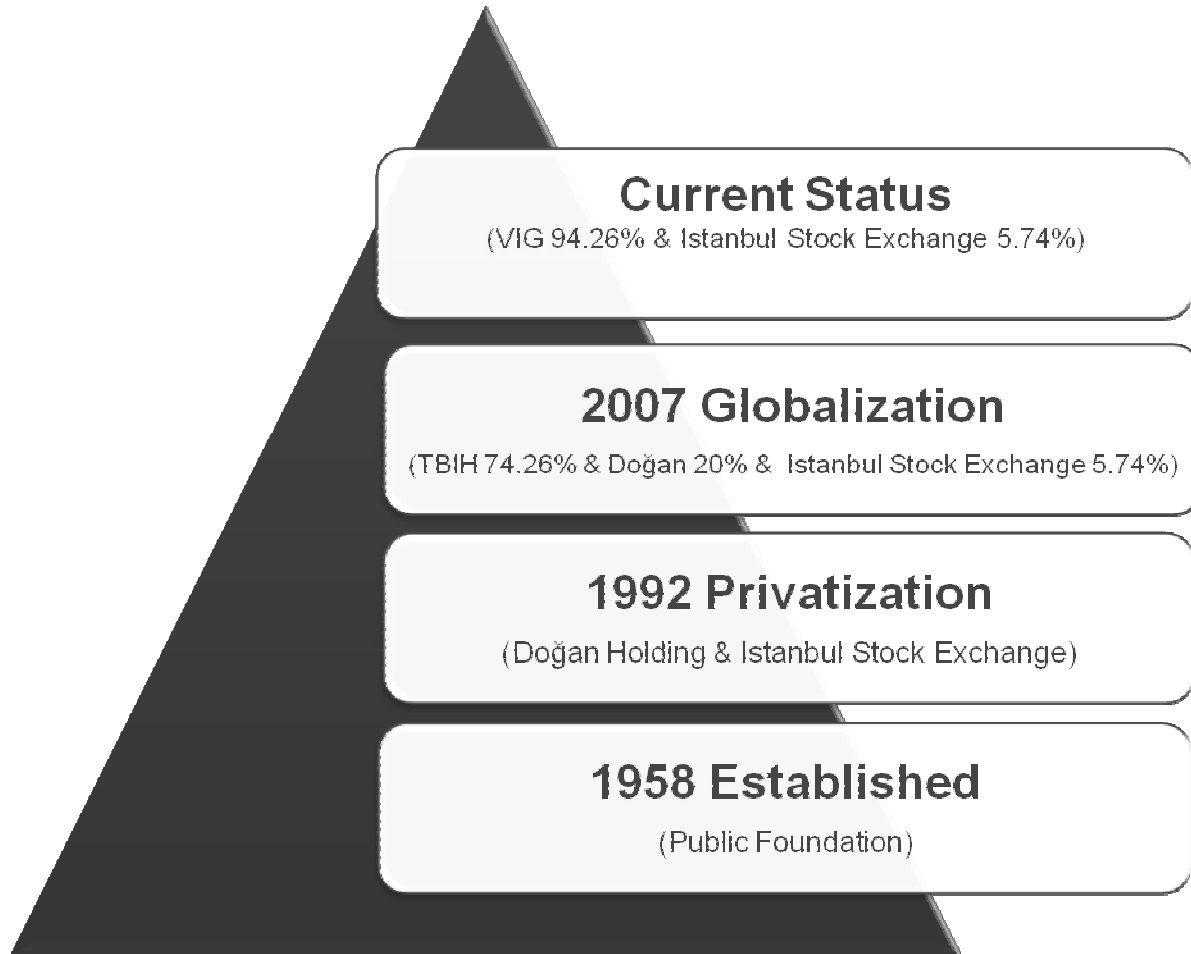
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- ▶ **Company name:** Ray Sigorta A.Ş.
- ▶ **Business area:** non-life insurance
- ▶ **Founded:** in 1958
- ▶ Well-known brand in Turkey
- ▶ Offices all over Turkey
- ▶ Very experienced staff

# About Ray Sigorta A.Ş.

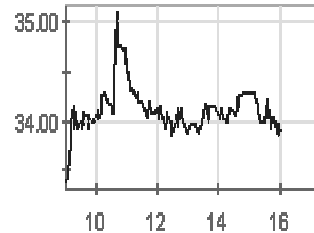
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# About Ray Sigorta A.Ş.



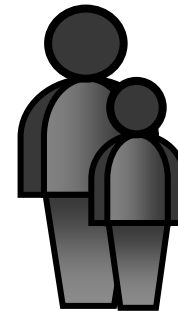
▶ **Headquartered in Istanbul**



▶ **Listed on the stock exchange in Turkey**



▶ **8 Regional Directorate**



▶ **Approx. 280 employees** working for Ray Sigorta



▶ **Multi-level distribution**

▶ **780 Agencies, 50 Brokers, 6 Leasing Companies and a Bank**



▶ **Wide product variety**

▶ **Fire, Vehicle, Marine, Liability, Engineering, Health, Travel, Aviation, MTPL etc.**

# What makes Turkey an attractive place for business?

## Insights from and experiences of the insurance industry

Besides numerous other aspects, the European insurance sector profits from three important aspects:

**1 Population:**

Large market with a high number of potential customers

**2 Economy:**

Growth in GDP and prosperity, prospect of economic convergence

**3 Insurance demand:**

Insurance density comparably low, very high development possibilities

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### Population as of 1 January 2010

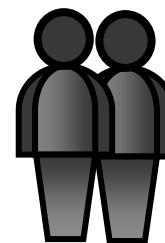
Source: Eurostat

VIG Countries<sup>1</sup>



~ 405 million

VIG Core markets<sup>2</sup>



~ 154 million

Turkey



~ 73 million

<sup>1</sup> Excluding Russia

<sup>2</sup> VIG Core markets: Austria, Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia, Ukraine

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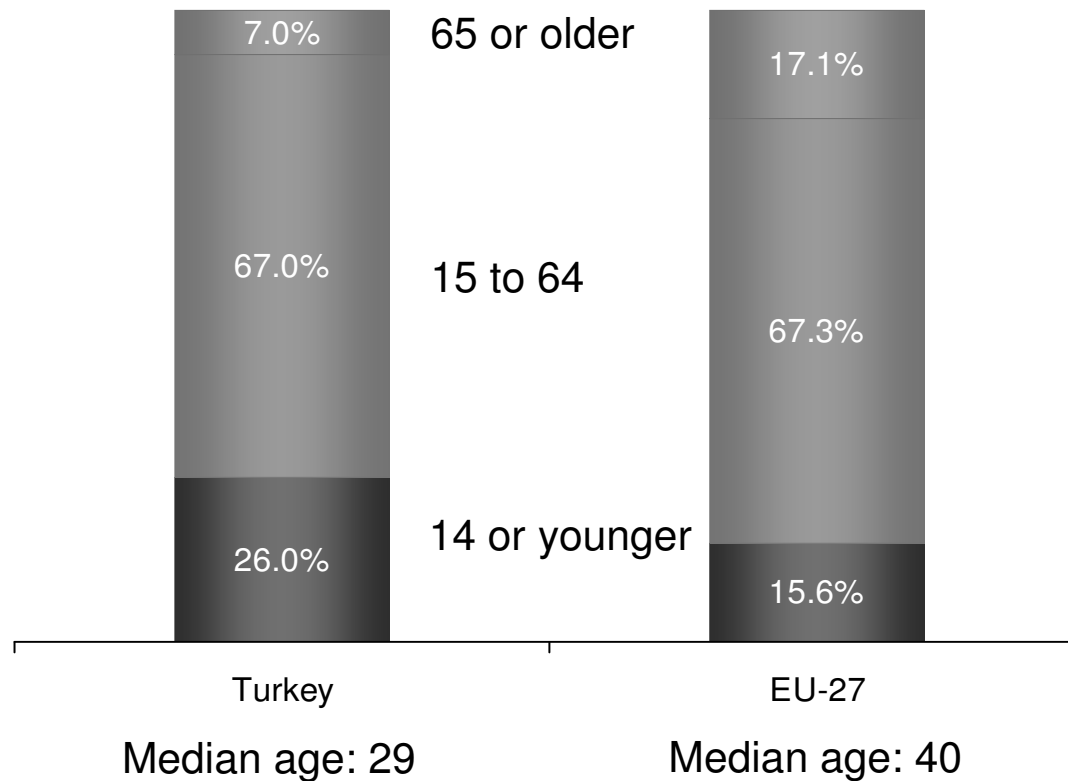
Growth in GDP and prosperity, prospect of economic convergence

### 3 Insurance demand:

Insurance density comparably low, very high development possibilities

### Age structure of population

Sources: Eurostat, Turkish Statistical Institute



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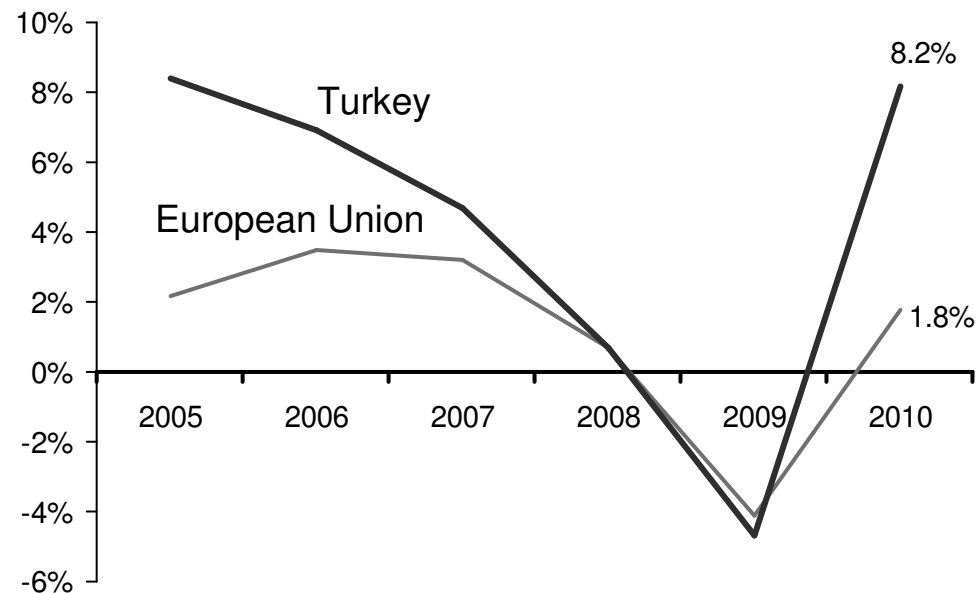
Growth in GDP and prosperity, prospect of economic convergence

### 3 Insurance demand:

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### Real GDP growth in %

Source: International Monetary Fund



Real GDP forecast 2011/2012	2011	2012
European Union	1.8%	2.1%
Turkey	4.6%	4.5%

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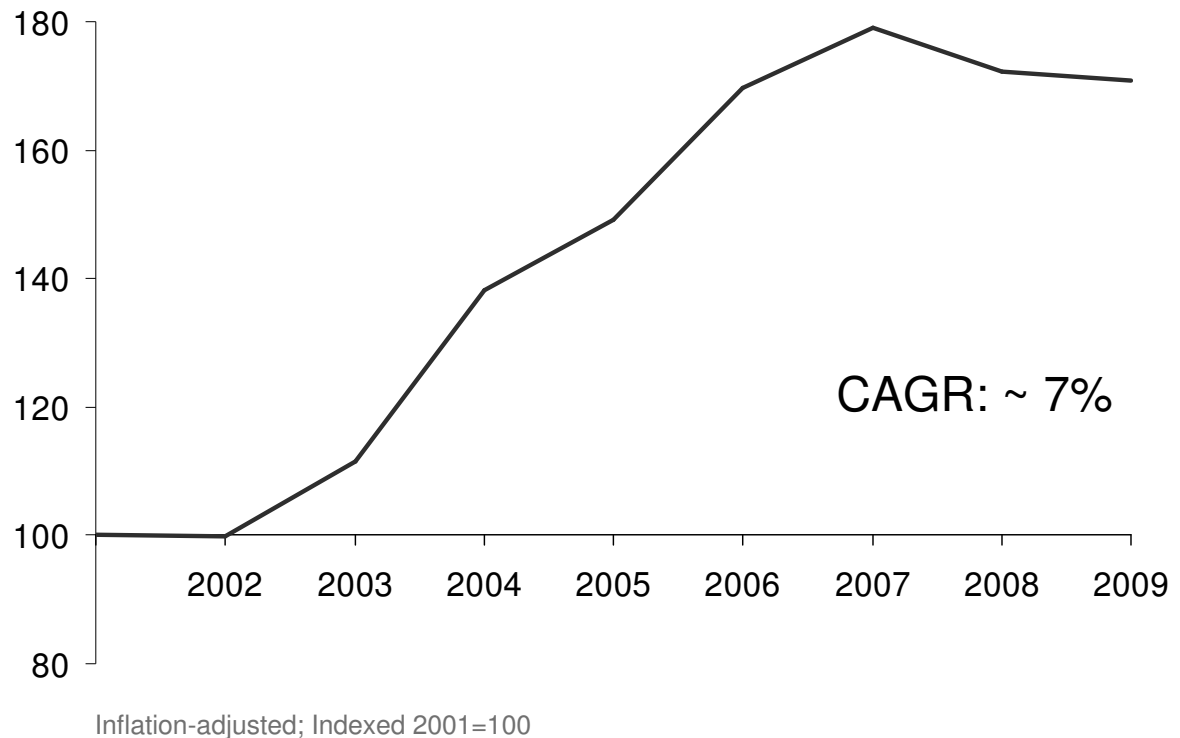
Growth in GDP and prosperity, prospect of economic convergence

### 3 Insurance demand:

Insurance density comparably low, very high development possibilities

### Premium growth in Turkey 2001-2009

Sources: Swiss Re, International Monetary Fund



# What major economic challenges does Turkey bear?

## Insights from and experiences of the insurance industry

**1 Inflation:**  
high and volatile inflation rates

Inflation rate in %	2000	2004	2008	2010	2012p
European Union	3.1%	2.4%	3.7%	2.0%	1.9%
Austria	2.0%	2.0%	3.2%	1.7%	2.0%
Turkey	55.0%	8.6%	10.4%	8.6%	6.0%

Source: International Monetary Fund

**2 Currency:**  
changes in currency exchange rates

1

**Size**

- ▶ Premium volume in 2010: TRY ~ 14 bn.

2

**Competition**

- ▶ Top 5 insurers generated more than 39% of total premium volume, Top 10 insurers approximately 63%.
- ▶ Ray Sigorta A.Ş. was ranked on 12<sup>th</sup> place in the overall market (11<sup>th</sup> in the non-life area) in 2010 with a market share of approximately 1.8%.

3

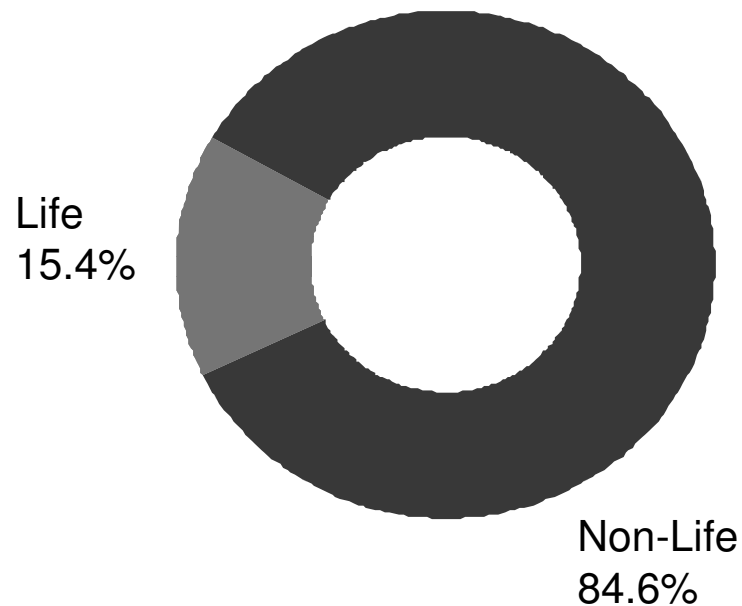
**Distribution channels**

- ▶ Agency networks are still the principal distribution channel for insurance products.
- ▶ Among others, bancassurance has gained importance, especially in life insurance.

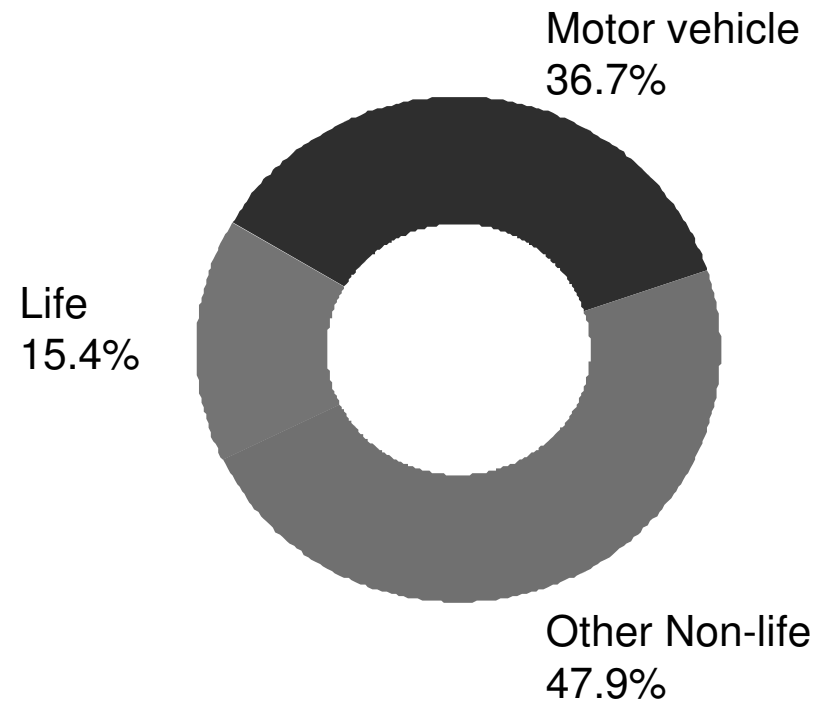
# The Turkish insurance market

## Insurance market class mix

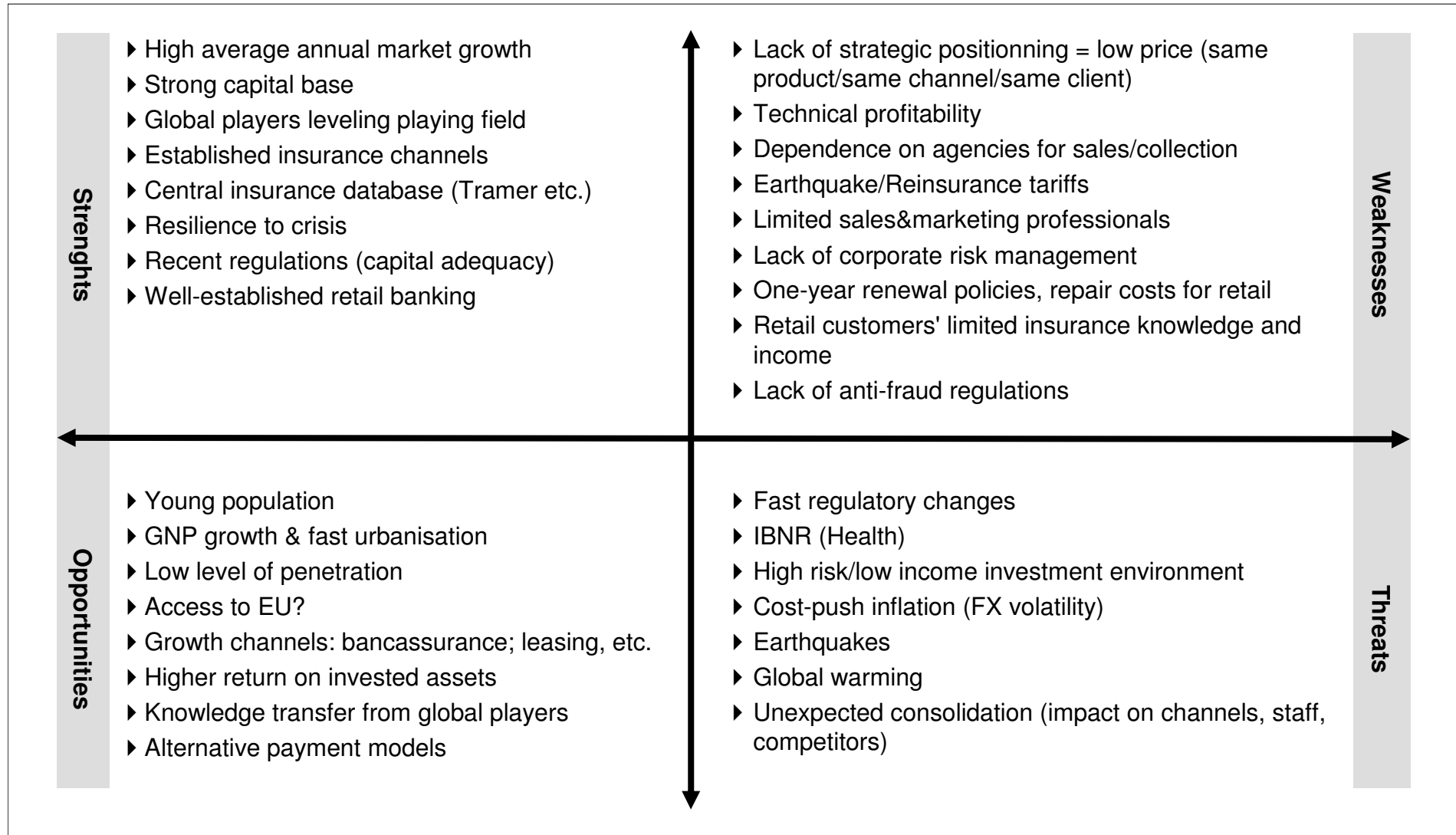
- ▶ The non-life insurance area (including casualty and health insurance) contributes about 85% to the total premium volume.



- ▶ The motor vehicle insurance segment accounts for more than a third of premiums.



# SWOT-Analysis of the Turkish insurance market





Thank you for your attention!