

Allianz Hungária Zrt.

Annual Report 2014

Allianz 

Allianz 

Main indicators

	2012	2012	Change	2013	2013	Change	2014	2014
	HUF million	EUR million	%	HUF million	EUR million	%	HUF million	EUR million
Gross premium income	132 286	454,1	-2,2	129 363	435,7	-4,7	123 237	391,4
Gross claims paid	89 930	308,7	0,0	89 910	302,8	-22,5	69 640	221,2
Gross investment income	17 249	59,2	2,3	17 641	59,4	10,5	19 486	61,9
Registered capital	4 266	14,6	-	4 266	14,4	-	4 266	13,5
Equity	46 794	160,6	0,1	46 835	157,7	-21,3	36 874	117,1
Retained profit for the year	353	1,2	-88,4	41	0,1	-100,0	0	0,0
Net technical reserves	176 379	605,5	-3,6	169 944	572,4	1,3	172 086	546,5
Technical reserves following investments made for the benefit of life insurance policyholders	43 836	150,5	19,0	52 169	175,7	27,2	66 339	210,7
Total technical reserves	220 215	756,0	0,9	222 113	748,1	7,3	238 425	757,2



Welcome

Dear Partners and Clients!

The year 2014 saw the beginning of a modest economic upswing in Hungary with a slightly positive impact on the insurance market and on people's saving propensity, and a 4.2% increase in the sector's total premium revenue. Based on its results, Allianz Hungária Zrt. continues to be the market leader in the insurance market, offering its services to clients with a stable and reliable background.

Our gross premiums written amounted to HUF 123.2* billion in 2014 in comparison with HUF 129.4 billion one year earlier. The primary cause behind the income difference lies in lower premium revenues from single-premium investment life products. The gross premiums written calculated without the latter category, however, was 3 percent higher than that of the previous year, driven by performance of non-motor non-life insurance contracts and single-premium life insurance contracts. The Company's profit on ordinary activities amounted to HUF 10.2 billion.

Allianz Hungária's gross premiums from the non-life insurance business increased from HUF 79.9 billion in 2013 to HUF 81.5 billion in 2014, and the profit on ordinary activities totalled HUF 6.1 billion. According to market data published by MABISZ (Association of

Hungarian Insurance Companies), the 20.8 percent market share in the non-life sector consolidated the Company's market leader position.

The positive impact of economic growth was reflected in the non-life business, primarily in the performance of the industrial property and liability insurance segments, the agricultural insurance segment in general and, more specifically, the preferential premium crop insurance. The number of new acquisitions increased by 10 percent in the retail property business last year. A turnaround can be seen in motor insurance, partly due to the fact that the growing number of new vehicles and those imported from abroad have led to a dynamic growth in the overall vehicle park in Hungary while the MTPL premiums began to increase from the earlier critically low level across the entire market. As a result of this

turnaround, our motor business, after several years, once again managed to increase its premium revenue in 2014, and in the MTPL market we continue to maintain our leading position with a share of 24.0 percent.

Although 2014 also witnessed a number of natural disasters, overall the year passed without any major catastrophe in Hungary, resulting in a positive impact on the technical result of non-life business division of Allianz.

In the life insurance segment, Allianz Hungária Zrt. focuses on long-term pension savings while single-premium savings products did not receive that much attention in our customer relationship activities in 2014. One of the Company's key objectives is to maximise our competitively priced long-term, self-care pension savings products with continuous premium payment to the extent possible within our life insurance portfolio. In 2014, the premium revenue of Allianz from its regular premium products increased by 6.3 percent, at a rate above the market average, primarily due to the emergence of pension savings. The increase in the more stable, higher quality portfolios also has a positive impact on the sector's technical result.

In 2014 we continued to offer outstanding services adapted to the needs of our customers. As we found that there is increasing demand for various convenience services, we introduced a number of assistance packages for a monthly fee of only a few hundred forints, offering an extremely wide range of services. At the same time, we introduced Allianz Gondoskodás Program, a new life insurance product combining the benefits of risk insurance and a savings account. This product completes our life insurance product range, offering our customers insurance solutions for all life situations and for all income positions.

In 2014 we made further progress in the introduction of new digital solutions. The upgraded calculators and the fast quote functions, including the one for Casco launched in February and the home insurance tool in the autumn based on the system developed for the MTPL segment earlier, provide effective orientation for our clients in general and in the conclusion of contracts as well. At the same time, our website has also been renewed to offer a uniform appearance and ease of use on all platforms, including the increasingly popular tablets and smart phones in addition to conventional computer screens, in line with the latest trends in terms of design and web-based functionality.

Three technical innovations were introduced to expand the range of options for premium payments. The white cheque with the QR code enables our customers to make payments directly from their smart phones. The mobile POS facilitates the payment of the first, due and overdue premiums in a simple, fast and secure way with help from our consultants. Clients who prefer arrange administration on their phone can pay with credit cards due to the services provided by Allianz, the first such solution in the Hungarian insurance market.

Nothing proves our unwavering commitment to improving customer satisfaction better than the fact that according to the assessment of the independent panel of judges, the "Consumer-Friendly Insurer of the Year" award recognising the insurance company that demonstrates the most outstanding consumer-friendly practice, went to Allianz Hungária Zrt. in 2014, and that we also performed well in the Best of Call Centers competition launched by GfK Hungária, enabling us to display the title "Excellent Call Center" for a whole year. Moreover, opinion polls confirmed that Allianz continues to be the most well-known brand in the market, and we managed to win the Superbrands and the Business Superbrands awards again.

Our company is committed to transparent operations and has pledged zero tolerance against corruption, so we expect the same from our contractual partners and entrepreneurs. It is extremely important for us to ensure that the name Allianz Hungária continues to be synonymous with stability and reliability and, at the same time, we will continue to monitor our clients' changing expectations and strive to satisfy them through constant improvement and innovation.

Dated at Budapest, in July 2015

Kind regards,



Péter Kisbenedek
Chairman-Chief Executive Officer

Supervisory Board

Manuel Eberhard Bauer

Chairman of the Supervisory Board

Manfred Knof

Member of the Supervisory Board

Dr. Susanne Irena Dobóczy

Member of the Supervisory Board

Wolfgang Deichl

Member of the Supervisory Board

Dr. József Herold

Member of the Supervisory Board

Dr. Gábor Béla Varga

Member of the Supervisory Board

Board of directors

Péter Kisbenedek

Chairman of the Board of Management and CEO

Andrea Horváth

Non-life business

József Zoltán Pásti

Sales and network

Gergely András Kozek

Investments, life and pension

Ildikó Láng

Finance

István Végh

Operation and IT

Balance sheet and profit and loss statement of Allianz Hungária Zrt.

Balance sheet at 31 December, 2014*

Assets

	2013	2014	2014	2014	2014
	HUF million	HUF million	HUF million	HUF million	HUF million
		Life insurance	Non-Life insurance	Non insurance business	Total
A Intangible assets	7 448	1	7 102	0	7 103
B Investments (financial assets) (I-VI)	214 659	52 336	162 972	2 903	218 211
I. Land and buildings	15 249	0	14 561	0	14 561
II. Investments in related companies	1 000	0	0	1 000	1 000
III. Other investments	198 307	52 336	148 307	1 903	202 546
IV. Deposit receivables from reinsurance business assumed	103	0	104	0	104
V. Adjustments for investments	0	0	0	0	0
VI. Valuation difference for investments	0	0	0	0	0
C Investments made for the benefit of life insurance policyholders who bear the investment risk	52 169	66 339	0	0	66 339
D Receivables	7 613	1 117	4 509	1 035	6 661
E Other assets	4 814	1 508	2 325	2	3 835
F Prepaid expenses and accrued income	9 713	2 363	7 579	27	9 969
Total assets (A+B+C+D+E+F)	296 416	123 664	184 487	3 967	312 118

Equity and liabilities

	2013	2014	2014	2014	2014
	HUF million	HUF million	HUF million	HUF million	HUF million
		Life insurance	Non-Life insurance	Non insurance business	Total
A Equity (I-VII)	46 835	5 811	30 975	88	36 874
I. Registered capital	4 266	750	3 516	0	4 266
II. Registered but unpaid capital (-)	0	0	0	0	0
III. Capital reserve	11 183	4 666	6 429	88	11 183
IV. Accumulated profit reserve (±)	31 345	395	21 030	0	21 425
V. Non-distributable reserves	0	0	0	0	0
VI. Valuation reserve	0	0	0	0	0
VII. Retained profit (±)	41	0	0	0	0
B Subordinated loan capital	0	0	0	0	0
C Technical reserves	169 944	44 548	127 538	0	172 086
D Technical reserves for investments executed for life insurance policyholders who carry the investment risk (unit-linked)	52 169	66 339	0	0	66 339
E Provisions	1 661	11	1 330	5	1 346
F Deposit receivables from reinsurance business ceded	99	0	0	0	0
G Liabilities	19 388	5 731	19 482	3 826	29 039
H Accrued expenses and deferred income	6 320	1 224	5 162	48	6 434
Total equity and liabilities (A+B+C+D+E+F+G+H)	296 416	123 664	184 487	3 967	312 118

Profit and Loss Statement for year 2014*

	2013	2014	2014	2014
	HUF million	HUF million	HUF million	HUF million
		Life insurance	Non-Life insurance	Total
01. Net earned premiums, without reinsurance	117 921	41 630	69 166	110 796
Gross premiums	129 363	41 759	81 478	123 237
Gross premiums ceded (-)	10 074	120	11 084	11 204
Net change in reserves for unearned premiums (±)	1 368	9	1 228	1 237
02. Allocated investment return to policyholders	9	0	48	48
03. Technical income from investments	6 977	7 056	0	7 056
04. Investment income allocated from life insurance (-)	726	0	0	0
05. Non-realised income from investments	1 607	1 863	0	1 863
06. Other technical income	1 811	1 000	2 895	3 895
07. Claim expenses	97 065	27 562	50 149	77 711
Claims paid and settlement costs	91 047	27 615	44 166	71 781
Change in reserves for outstanding claims (±)	6 018	-53	5 983	5 930
08. Change in actuarial reserves (±)	-11 170	-2 850	-1 641	-4 491
09. Change in other technical reserves (±)	5 681	13 932	-295	13 637
10. Net operating costs	28 611	7 132	21 396	28 528
Acquisition costs	20 341	5 792	15 362	21 154
Administrative expenses	10 211	1 360	8 560	9 920
Commissions and profit sharings assumed from reinsurers (-)	1 941	20	2 526	2 546
11. Investment expenses	1 718	1 095	0	1 095
12. Non-realised losses from investments	686	1 302	0	1 302
13. Other technical expenses	7 257	195	6 511	6 706
A) TECHNICAL RESULT (+01+02+03-04+05+06-07±08±09-10-11-12-13)	-2 249	3 181	-4 011	-830
14. Net investment income	14 892			13 739
15. Investment expenses	2 714			823
I. Investment profit (+14-15)	12 178			12 916
16. Other income	1 888			1 261
17. Other expenses	3 520			3 195
II. Result of other non-technical activities (+16-17)	-1 632			-1 934
B) PROFIT FROM ORDINARY ACTIVITIES (+A+I+II)	8 297			10 152
18. Extraordinary income	9			0
19. Extraordinary costs	18			22
III. Extraordinary result (+18-19)	-9			-22
C) PRE-TAX PROFIT (+B+III)	8 288			10 130
IV. Tax payable	697			891
D) PROFIT AFTER TAX (+C-IV)	7 591			9 239
V. Payment of dividends and shares from profit reserve	0			9 961
VI. Dividend and shares paid (approved)	7 550			19 200
E) RETAINED PROFIT FOR THE YEAR (+D+V-VI)	41			0

Balance sheet in euros at 31 December, 2014*

Assets

	2013	2014	2014	2014	2014
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-Life insurance	Non insurance business	Total
A Intangible assets	25 087	3	22 555	0	22 558
B Investments (financial assets) (I-VI)	722 975	166 204	517 552	9 219	692 975
I. Land and buildings	51 359	0	46 243	0	46 243
II. Investments in related companies	3 368	0	0	3 176	3 176
III. Other investments	667 902	166 204	470 979	6 043	643 226
IV. Deposit receivables from reinsurance business assumed	346	0	330	0	330
V. Adjustments for investments	0	0	0	0	0
VI. Valuation difference for investments	0	0	0	0	0
C Investments made for the benefit of life insurance policyholders who bear the investment risk	175 707	210 673	0	0	210 673
D Receivables	25 638	3 549	14 316	3 287	21 152
E Other assets	16 214	4 788	7 384	6	12 178
F Prepaid expenses and accrued income	32 716	7 503	24 070	88	31 661
Total assets (A+B+C+D+E+F)	998 337	392 720	585 877	12 600	991 197

Equity and liabilities

	2013	2014	2014	2014	2014
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-Life insurance	Non insurance business	Total
A Equity (I-VII)	157 742	18 453	98 371	279	117 103
I. Registered capital	14 368	2 382	11 166	0	13 548
II. Registered but unpaid capital (-)	0	0	0	0	0
III. Capital reserve	37 662	14 817	20 415	279	35 511
IV. Accumulated profit reserve (±)	105 573	1 254	66 790	0	68 044
V. Non-distributable reserves	0	0	0	0	0
VI. Valuation reserve	0	0	0	0	0
VII. Retained profit (±)	139	0	0	0	0
B Subordinated loan capital	0	0	0	0	0
C Technical reserves	572 375	141 473	405 024	0	546 497
D Technical reserves for investments executed for life insurance policyholders who carry the investment risk (unit-linked)	175 707	210 673	0	0	210 673
E Provisions	5 594	36	4 223	15	4 274
F Deposit receivables from reinsurance business ceded	333	0	0	0	0
G Liabilities	65 299	18 198	61 867	12 155	92 220
H Accrued expenses and deferred income	21 287	3 887	16 392	151	20 430
Total equity and liabilities (A+B+C+D+E+F+G+H)	998 337	392 720	585 877	12 600	991 197

Profit and Loss Statement in euros for year 2014*

	2013	2014	2014	2014
	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-Life insurance	Total
01. Net earned premiums, without reinsurance	397 163	132 204	219 652	351 856
Gross premiums	435 700	132 614	258 751	391 365
Gross premiums ceded (-)	33 930	380	35 200	35 580
Net change in reserves for unearned premiums (±)	4 607	30	3 899	3 929
02. Allocated investment return to policyholders	32	0	151	151
03. Technical income from investments	23 501	22 407	0	22 407
04. Investment income allocated from life insurance (-)	2 447	0	0	0
05. Non-realised income from investments	5 413	5 915	0	5 915
06. Other technical income	6 100	3 174	9 194	12 368
07. Claim expenses	326 922	87 530	159 259	246 789
Claims paid and settlement costs	306 651	87 698	140 260	227 958
Change in reserves for outstanding claims (±)	20 271	-168	18 999	18 831
08. Change in actuarial reserves (±)	-37 622	-9 050	-5 212	-14 262
09. Change in other technical reserves (±)	19 134	44 244	-937	43 307
10. Net operating costs	96 365	22 646	67 948	90 594
Acquisition costs	68 507	18 391	48 784	67 175
Administrative expenses	34 393	4 319	27 185	31 504
Commissions and profit sharings assumed from reinsurers (-)	6 535	64	8 021	8 085
11. Investment expenses	5 786	3 477	0	3 477
12. Non-realised losses from investments	2 309	4 134	0	4 134
13. Other technical expenses	24 441	617	20 678	21 295
A) TECHNICAL RESULT (+01+02+03-04+05+06-07±08±09-10-11-12-13)	-7 573	10 102	-12 739	-2 637
14. Net investment income	50 157			43 632
15. Investment expenses	9 139			2 613
I. Investment profit (+14-15)	41 018			41 019
16. Other income	6 356			4 006
17. Other expenses	11 855			10 147
II. Result of other non-technical activities (+16-17)	-5 499			-6 142
B) PROFIT FROM ORDINARY ACTIVITIES (+A+I+II)	27 946			32 240
18. Extraordinary income	29			0
19. Extraordinary costs	62			71
III. Extraordinary result (+18-19)	-33			-71
C) PRE-TAX PROFIT (+B+III)	27 913			32 169
IV. Tax payable	2 345			2 827
D) PROFIT AFTER TAX (+C-IV)	25 568			29 342
V. Payment of dividends and shares from profit reserve	0			31 632
VI. Dividend and shares paid (approved)	25 429			60 974
E) RETAINED PROFIT FOR THE YEAR (+D+V-VI)	139			0

Auditor's report



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This is an English translation of the Independent Auditors' Report on the Summary Financial Statements of Allianz Hungária Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails.

Independent Auditor's Report on the Summary Financial Statements

To the shareholder of Allianz Hungária Zrt.

The accompanying summary financial statements presented on the 7th and 8th page of the annual report, which comprise the summary balance sheet as at 31 December 2014 and the summary income statement for the year then ended, are derived from the audited statutory financial statements of Allianz Hungária Zrt. (hereinafter referred to as "the Company") for the year ended 31 December 2014. We expressed an unmodified audit opinion on those statutory financial statements in our report dated 7 May 2015. Those statutory financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those statutory financial statements.

The summary financial statements do not contain all the disclosures required by the Hungarian Act on Accounting. Reading the summary financial statements, therefore, is not a substitute for reading the audited statutory financial statements of Allianz Hungária Zrt.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited statutory financial statements in accordance with the methodology described on the 7th and 8th page of the annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Hungarian National Standard on Auditing 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements presented on the 7th and 8th page of the annual report, derived from the audited statutory financial statements of Allianz Hungária Zrt. for the year ended 31 December 2014 are consistent, in all material respects, with those statutory financial statements for the year ended 31 December 2014, in accordance with the methodology described on the 7th and 8th page of the annual report.

Budapest, 1 July 2015

KPMG Hungária Kft.
Registration number: 000202

Leposa Csilla
Leposa Csilla
Partner, Professional Accountant
Registration number: 005299

KPMG Hungária Kft., a Hungarian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Company registration: Budapest, Fővárosi Törvényszék Cégbírósága, no: 01-09-063183

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