

Allianz Hungária Zrt.

# Annual Report 2015

Allianz 

Allianz 

# Main indicators

	2013	2013	Change	2014	2014	Change	2015	2015
	HUF million	EUR million	%	HUF million	EUR million*	%	HUF million	EUR million*
Gross premium income	129 363	435,7	-4,7	123 237	391,4	-3,0	119 556	381,8
Gross claims paid	89 910	302,8	-22,5	69 640	221,2	0,8	70 178	224,1
Gross investment income	17 641	59,4	10,5	19 486	61,9	-23,1	14 993	47,9
Registered capital	4 266	14,4	-	4 266	13,5	0,0	4 266	13,6
Equity	46 835	157,7	-21,3	36 874	117,1	-6,0	34 645	110,6
Retained profit for the year	41	0,1	-100,0	0	0,0	-	0	0,0
Net technical reserves	169 944	572,4	1,3	172 086	546,5	-1,2	170 007	542,9
Technical reserves following investments made for the benefit of life insurance policyholders	52 169	175,7	27,2	66 339	210,7	2,3	67 872	216,8
Total technical reserves	222 113	748,1	7,3	238 425	757,2	-0,2	237 879	759,7



# Welcome

## Dear Partners and Clients,

Several positive events seen in 2015 gave the insurance market a boost, resulting in a 2.5 percent growth in terms of premium income compared to 2014. Self-reliance has an increasingly important role in people's everyday lives and there is growth potential in both the retail and the corporate segments.

Our gross premium revenue\* amounted to HUF 119.56 billion in 2015 in comparison with HUF 123.24 billion one year earlier. The primary cause behind the income difference lies in the conscious reduction of premium revenues from single-premium investment life products. Allianz Hungária still managed to grow in both the overall non-life segment as well as the regular-premium life and the non-motor sub-segments. In these markets, the pace of increase was either the same or even faster than that of the insurance market. The Company's current operating profit rose from HUF 10.15 billion to HUF 13.38 billion.

In 2015 the property and casualty business of Allianz Hungária earned HUF 84.02 billion in total premiums, up from the previous year's HUF 81.48 billion. According to market data published by MABISZ (Association of Hungarian Insurance Companies), the 19.5 percent market share of Allianz 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 industrial property and liability insurance segments, the agricultural insurance segment in general and, more specifically, the preferential premium crop insurance. In the motor segment, the previously seen contraction and the subsequent stagnation in new vehicle sales was followed by a noticeable upturn in 2015 to which the continued success of used vehicle imports and the appearance of new opportunities for the subsidised procurement of motor vehicles also contributed. In addition, MTPL premiums continued to recover from the critically low premium level in the market. Under these circumstances, our motor business achieved an increase in its premium revenue once again in 2015, and in the MTPL market we continue to maintain our leading position with a share of 21 percent.

Although 2015 also witnessed a number of natural disasters, overall the year passed without any major catastrophes in Hungary, resulting in a positive impact on the operating profit of non-life business division of Allianz.

In the life and health insurance segment, Allianz Hungária Zrt. continues to focus on long-term pension savings while single-premium savings products received even less attention in our customer relationship activities in 2015. 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 2015, the premium revenue of Allianz from its regular premium products increased by 7.3 percent, primarily due to the emergence of pension savings.

In 2015, we also continued with our efforts to provide excellent services tailored to the needs of our clients, expanding and developing the range of products and services designed to create and maintain a closer contact with our customers, as the services offer assistance in their everyday lives, in various life situations and hence, they provide customer experience. Our Company lays great emphasis on the use of modern tools, the transformation of the products and the enhancement of the procedures as well as to meet the constantly varying needs of its clients, and plays a pioneering role with its innovative solutions.

In 2015, Allianz continued its comprehensive digitalisation efforts commenced several years ago. The aim of these efforts, on the one hand, is to meet client needs as we have seen a significant growth in the number of clients who prefer digital channels in insurance processes, exploiting the opportunities offered by the online world. On the other hand, digitalisation has a cost-reducing effect, resulting in a considerable drop in operating expenses, a driver for even more efficient operation. Further objectives included the improvement of service through mobile devices and internal operations.

The key to e-service is full transparency and comprehensive service 24/7, integrating all sales channels and, of course, offering the appropriate e-products. Our customers have confidence in managing their personal affairs and finances through digital devices and nowadays digital payment options are widely accepted. By introducing mobile POS, we offer a simple, fast and secure way to pay premiums to our consultants by bank card. Customers who prefer doing

business by phone can pay with bank cards by phone for the services provided by Allianz, the first such solution in the Hungarian insurance market.

Our website has also been revamped 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.

Our rewards and professional prizes duly reflected the efficiency of our work in 2015 as well. The readers of World Finance voted Allianz Hungária to be the best Hungarian General Insurance Company in the World Finance Global Insurance Award 2015 competition. Based in London, the leading financial magazine has been awarding the world's best, most innovative and successful companies in different categories since 2007.

AON Hewitt's Best Employers Survey was the first real test for Allianz Hungária on how it compares to other Hungarian employers. The results of the survey in May 2015 earned our team the title of Best Employer 2015. This recognition goes to show that commitment, on the part of both employees and managers, is strong and clearly a vital source of business success.

We earned the Superbrands and Business Superbrands awards for the 11th and 8th time, respectively. With this our Company is still the only Hungarian insurer that has been awarded these professional trademarks ever since their establishment. All of these awards confirm that we are headed in the right direction with our initiatives and activities.

It is extremely important for us to ensure that the name Allianz Hungária remains synonymous with security and stability, at the same time seeking to integrate the needs of our clients into our operational concept in line with a customer-oriented approach and market opportunities. Over the 30 years since its founding, Allianz has shared the knowledge and experience it gained as widely as possible and will continue to do so in the future.

**Dated at Budapest, in July 2016**

Kind regards:



Péter Kisbenedek  
Chairman-Chief Executive Officer

# Supervisory Board

## Petros Papanikolaou

Chairman of the Supervisory Board

## Dr. Susanne Irena Dobóczy

Member of the Supervisory Board

## Dr. József Herold

Member of the Supervisory Board

# Board of directors

## Péter Kisbenedek

Chairman of the Board of Management and CEO

## Zoltán József Pásti

Sales and Network

## András Gergely Kozek

Investment and Product Portfolio Management

## Ildikó Láng

Finance

## István Végh

Operation, IT and Claim Management

# Balance Sheet and Profit and Loss Statement of Allianz Hungária Zrt.

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# Balance Sheet at 31 December, 2015\*

## Assets

	2014	2015	2015	2015	2015
	HUF million	HUF million	HUF million	HUF million	HUF million
		Life Insurance	Non-life Insurance	Non insurance business	Total
<b>A Intangible assets</b>	<b>7 103</b>	<b>18</b>	<b>6 579</b>	<b>0</b>	<b>6 597</b>
<b>B Investments (financial assets) (I-VI)</b>	<b>218 211</b>	<b>48 696</b>	<b>155 687</b>	<b>1 125</b>	<b>205 508</b>
I. Land and buildings	14 561	0	13 436	0	13 436
II. Investments in related companies	1 000	740	0	1 000	1 740
III. Other investments	202 546	47 956	142 142	125	190 223
IV. Deposit receivables from reinsurance business assumed	104	0	109	0	109
V. Adjustments for investments	0	0	0	0	0
VI. Valuation difference for investments	0	0	0	0	0
<b>C Investments made for the benefit of life insurance policyholders who bear the investment risk</b>	<b>66 339</b>	<b>67 872</b>	<b>0</b>	<b>0</b>	<b>67 872</b>
<b>D Receivables</b>	<b>6 661</b>	<b>1 031</b>	<b>3 703</b>	<b>642</b>	<b>5 376</b>
<b>E Other assets</b>	<b>3 835</b>	<b>1 929</b>	<b>6 991</b>	<b>4</b>	<b>8 924</b>
<b>F Prepaid expenses and accrued income</b>	<b>9 969</b>	<b>2 131</b>	<b>8 479</b>	<b>29</b>	<b>10 639</b>
<b>Total assets (A+B+C+D+E+F)</b>	<b>312 118</b>	<b>121 677</b>	<b>181 439</b>	<b>1 800</b>	<b>304 916</b>

## Equity and Liabilities

	2014	2015	2015	2015	2015
	HUF million	HUF million	HUF million	HUF million	HUF million
		Life Insurance	Non-life Insurance	Non insurance business	Total
<b>A Equity (I-VII)</b>	<b>36 874</b>	<b>5 711</b>	<b>28 846</b>	<b>88</b>	<b>34 645</b>
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 (±)	21 425	295	18 901	0	19 196
V. Non-distributable reserves	0	0	0	0	0
VI. Valuation reserve	0	0	0	0	0
VII. Retained profit (±)	0	0	0	0	0
<b>B Subordinated loan capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C Technical reserves</b>	<b>172 086</b>	<b>43 305</b>	<b>126 702</b>	<b>0</b>	<b>170 007</b>
<b>D Technical reserves for investments executed for life insurance policyholders who carry the investment risk (unit-linked)</b>	<b>66 339</b>	<b>67 872</b>	<b>0</b>	<b>0</b>	<b>67 872</b>
<b>E Provisions</b>	<b>1 346</b>	<b>0</b>	<b>1 322</b>	<b>0</b>	<b>1 322</b>
<b>F Deposit receivables from reinsurance business ceded</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>G Liabilities</b>	<b>29 039</b>	<b>3 814</b>	<b>18 971</b>	<b>1 710</b>	<b>24 495</b>
<b>H Accrued expenses and deferred income</b>	<b>6 434</b>	<b>975</b>	<b>5 598</b>	<b>2</b>	<b>6 575</b>
<b>Total equity and liabilities (A+B+C+D+E+F+G+H)</b>	<b>312 118</b>	<b>121 677</b>	<b>181 439</b>	<b>1 800</b>	<b>304 916</b>

# Profit and Loss Statement for year 2015\*

	2014	2015	2015	2015
	HUF million	HUF million	HUF million	HUF million
		Life insurance	Non-life insurance	Total
01. Net earned premiums, without reinsurance	110 796	35 434	69 830	105 264
Gross premiums	123 237	35 532	84 024	119 556
Gross premiums ceded (-)	11 204	138	11 592	11 730
Net change in reserves for unearned premiums (±)	1 237	-40	2 602	2 562
02. Allocated investment return to policyholders	48	0	9	9
03. Technical income from investments	7 056	4 971	0	4 971
04. Investment income allocated from life insurance (-)	0	0	0	0
05. Non-realised income from investments	1 863	1 470	0	1 470
06. Other technical income	3 895	278	542	820
07. Claim expenses	77 711	28 683	40 827	69 810
Claims paid and settlement costs	71 781	29 054	43 550	72 604
Change in reserves for outstanding claims (±)	5 930	-71	-2 723	-2 794
08. Change in actuarial reserves (±)	-4 491	-939	-1 883	-2 822
09. Change in other technical reserves (±)	13 637	1 338	1 170	2 508
10. Net operating costs	28 528	7 103	22 212	29 315
Acquisition costs	21 154	5 634	15 313	20 947
Administrative expenses	9 920	1 493	9 335	10 828
Commissions and profit sharings assumed from reinsurers (-)	2 546	24	2 436	2 460
11. Investment expenses	1 095	389	0	389
12. Non-realised losses from investments	1 302	1 554	0	1 554
13. Other technical expenses	6 706	187	6 642	6 829
<b>A) TECHNICAL RESULT</b>	<b>-830</b>	<b>3 538</b>	<b>1 413</b>	<b>4 951</b>
<b>(+01+02+03-04+05+06-07±08±09-10-11-12-13)</b>				
14. Net investment income	13 739			13 470
15. Investment expenses	823			2 984
I. Investment profit (+14-15)	12 916			10 486
16. Other income	1 261			1 815
17. Other expenses	3 195			3 873
II. Result of other non-technical activities (+16-17)	-1 934			-2 058
<b>B) PROFIT FROM ORDINARY ACTIVITIES (+A+I+II)</b>	<b>10 152</b>			<b>13 379</b>
18. Extraordinary income	0			32
19. Extraordinary costs	22			5
III. Extraordinary result (+18-19)	-22			27
<b>C) PRE-TAX PROFIT (+B+III)</b>	<b>10 130</b>			<b>13 406</b>
IV. Tax payable	891			1 158
<b>D) PROFIT AFTER TAX (+C-IV)</b>	<b>9 239</b>			<b>12 248</b>
V. Payment of dividends and shares from profit reserve	9 961			2 229
VI. Dividend and shares paid (approved)	19 200			14 477
<b>E) RETAINED PROFIT FOR THE YEAR (+D+V-VI)</b>	<b>0</b>			<b>0</b>



# Balance Sheet in euros at 31 December, 2015\*

## Assets

	2014	2015	2015	2015	2015
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-life insurance	Non insurance business	Total
<b>A Intangible assets</b>	<b>22 558</b>	<b>59</b>	<b>21 011</b>	<b>0</b>	<b>21 070</b>
<b>B Investments (financial assets) (I-VI)</b>	<b>692 975</b>	<b>155 518</b>	<b>497 212</b>	<b>3 594</b>	<b>656 324</b>
I. Land and buildings	46 243	0	42 909	0	42 909
II. Investments in related companies	3 176	2 363	0	3 194	5 557
III. Other investments	643 226	153 155	453 955	400	607 510
IV. Deposit receivables from reinsurance business assumed	330	0	348	0	348
V. Adjustments for investments	0	0	0	0	0
VI. Valuation difference for investments	0	0	0	0	0
<b>C Investments made for the benefit of life insurance policyholders who bear the investment risk</b>	<b>210 673</b>	<b>216 761</b>	<b>0</b>	<b>0</b>	<b>216 761</b>
<b>D Receivables</b>	<b>21 152</b>	<b>3 292</b>	<b>11 826</b>	<b>2 052</b>	<b>17 170</b>
<b>E Other assets</b>	<b>12 178</b>	<b>6 159</b>	<b>22 326</b>	<b>12</b>	<b>28 497</b>
<b>F Prepaid expenses and accrued income</b>	<b>31 661</b>	<b>6 805</b>	<b>27 080</b>	<b>91</b>	<b>33 976</b>
<b>Total assets (A+B+C+D+E+F)</b>	<b>991 197</b>	<b>388 594</b>	<b>579 455</b>	<b>5 749</b>	<b>973 798</b>

## Equity and Liabilities

	2014	2015	2015	2015	2015
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-life insurance	Non insurance business	Total
<b>A Equity (I-VII)</b>	<b>117 103</b>	<b>18 238</b>	<b>92 129</b>	<b>281</b>	<b>110 648</b>
I. Registered capital	13 548	2 395	11 229	0	13 624
II. Registered but unpaid capital (-)	0	0	0	0	0
III. Capital reserve	35 511	14 901	20 531	281	35 713
IV. Accumulated profit reserve (±)	68 044	942	60 369	0	61 311
V. Non-distributable reserves	0	0	0	0	0
VI. Valuation reserve	0	0	0	0	0
VII. Retained profit (±)	0	0	0	0	0
<b>B Subordinated loan capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C Technical reserves</b>	<b>546 497</b>	<b>138 299</b>	<b>404 646</b>	<b>0</b>	<b>542 945</b>
<b>D Technical reserves for investments executed for life insurance policyholders who carry the investment risk (unit-linked)</b>	<b>210 673</b>	<b>216 761</b>	<b>0</b>	<b>0</b>	<b>216 761</b>
<b>E Provisions</b>	<b>4 274</b>	<b>0</b>	<b>4 221</b>	<b>0</b>	<b>4 221</b>
<b>F Deposit receivables from reinsurance business ceded</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>G Liabilities</b>	<b>92 220</b>	<b>12 180</b>	<b>60 584</b>	<b>5 462</b>	<b>78 226</b>
<b>H Accrued expenses and deferred income</b>	<b>20 430</b>	<b>3 116</b>	<b>17 875</b>	<b>6</b>	<b>20 997</b>
<b>Total equity and liabilities (A+B+C+D+E+F+G+H)</b>	<b>991 197</b>	<b>388 594</b>	<b>579 455</b>	<b>5 749</b>	<b>973 798</b>

# Profit and Loss Statement in euros for year 2015\*

	2014	2015	2015	2015
	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-life insurance	Total
01. Net earned premiums, without reinsurance	351 856	113 166	223 014	336 180
Gross premiums	391 365	113 478	268 344	381 822
Gross premiums ceded (-)	35 580	440	37 020	37 460
Net change in reserves for unearned premiums (±)	3 929	-128	8 310	8 182
02. Allocated investment return to policyholders	151	0	27	27
03. Technical income from investments	22 407	15 876	0	15 876
04. Investment income allocated from life insurance (-)	0	0	0	0
05. Non-realised income from investments	5 915	4 694	0	4 694
06. Other technical income	12 368	888	1 731	2 619
07. Claim expenses	246 789	92 562	130 387	222 949
Claims paid and settlement costs	227 958	92 787	139 085	231 872
Change in reserves for outstanding claims (±)	18 831	-225	-8 698	-8 923
08. Change in actuarial reserves (±)	-14 262	-2 998	-6 015	-9 013
09. Change in other technical reserves (±)	43 307	4 275	3 736	8 011
10. Net operating costs	90 594	22 685	70 936	93 621
Acquisition costs	67 175	17 994	48 905	66 899
Administrative expenses	31 504	4 768	29 811	34 579
Commissions and profit sharings assumed from reinsurers (-)	8 085	77	7 780	7 857
11. Investment expenses	3 477	1 242	0	1 242
12. Non-realised losses from investments	4 134	4 962	0	4 962
13. Other technical expenses	21 295	597	21 214	21 811
<b>A) TECHNICAL RESULT (+01+02+03-04+05+06-07±08±09-10-11-12-13)</b>	<b>-2 637</b>	<b>11 299</b>	<b>4 514</b>	<b>15 813</b>
14. Net investment income	43 632			43 020
15. Investment expenses	2 613			9 530
I. Investment profit (+14-15)	41 019			33 490
16. Other income	4 006			5 797
17. Other expenses	10 147			12 372
II. Result of other non-technical activities (+16-17)	-6 142			-6 575
<b>B) PROFIT FROM ORDINARY ACTIVITIES (+A+I+II)</b>	<b>32 240</b>			<b>42 728</b>
18. Extraordinary income	0			101
19. Extraordinary costs	71			15
III. Extraordinary result (+18-19)	-71			87
<b>C) PRE-TAX PROFIT (+B+III)</b>	<b>32 169</b>			<b>42 815</b>
IV. Tax payable	2 827			3 697
<b>D) PROFIT AFTER TAX (+C-IV)</b>	<b>29 342</b>			<b>39 118</b>
V. Payment of dividends and shares from profit reserve	31 632			7 117
VI. Dividend and shares paid (approved)	60 974			46 235
<b>E) RETAINED PROFIT FOR THE YEAR (+D+V-VI)</b>	<b>0</b>			<b>0</b>

# Auditor's report



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This is an English translation of the Independent Auditors' Report on the Summary Financial Statements Report 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 7<sup>th</sup> and 8<sup>th</sup> page of the annual report, which comprises the summary balance sheet as at 31 December 2015 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 2015. We expressed an unmodified audit opinion on those statutory financial statements in our report dated 15 April 2016. 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 7<sup>th</sup> and 8<sup>th</sup> 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 7<sup>th</sup> and 8<sup>th</sup> page of the annual report, derived from the audited statutory financial statements of Allianz Hungária Zrt. for the year ended 31 December 2015 are consistent, in all material respects, with those statutory financial statements for the year ended 31 December 2015, in accordance with the methodology described on the 7<sup>th</sup> and 8<sup>th</sup> page of the annual report.

Budapest, 13 July 2016

KPMG Hungária Kft.  
Registration number: 000202

*Boros Judit*  
Boros Judit  
*Partner, Professional Accountant*  
Registration number: 005374

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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