



EXPANSION GROWTH

Allianz Hungária Zrt.
Annual Report 2017

MAIN INDICATORS

	2015 HUF millions	2015 EUR millions*	Change %	2016 HUF millions	2016 EUR millions*	Change %	2017 HUF millions	2017 EUR millions*
Gross premium income	119 556	381.8	9.2	130 533	419.7	10.9	144 768	466.8
Gross claims paid	70 178	224.1	-4.7	66 874	215.0	10.3	73 761	237.8
Gross investment income	14 993	47.9	2.6	15 376	49.4	1.5	15 610	50.3
Registered capital	4 266	13.6	0.0	4 266	13.7	0.0	4 266	13.8
Equity	34 645	110.6	37.6	47 675	153.3	-27.8	34 413	111.0
Retained profit for the year	12 248	39.1	6.4	13 030	41.9	45.4	18 952	61.1
Net technical reserves	170 007	542.9	-0.1	169 886	546.2	1.7	172 751	557.0
Technical reserves following investments made for the benefit of life insurance policyholders	67 872	216.8	9.9	74 576	239.8	11.6	83 191	268.2
Total technical reserves	237 879	759.7	2.8	244 462	786.0	4.7	255 942	825.2

*The revaluation of the Hungarian currency figures was done according to the National Bank of Hungary official rate of exchange on 29 December 2017, 30 December 2016 and 31 December 2015.

GREETINGS



*Dear Partners
and Clients,*

The Hungarian economy continued its expansion in 2017, showing a clearly positive effect on the functioning and further growth of the insurance sector.

As the leading insurer in the flourishing Hungarian insurance market, Allianz Hungária Zrt. closed another successful year in 2017. Both our premium income and our operating profit exceeded previous plans, representing an outstanding achievement at the end of the year.

As a result, our gross premiums, as recorded for 2017, reached HUF 144.8 billion, more than HUF 14 billion more than the amount of the previous year, while our profit on the usual business results grew from HUF 14.1 billion to HUF 19.7 billion.

In 2017, we achieved a steady growth in all insurance segments, with a notable increase in our retail motor insurance policies. Besides the motor insurance market picking up, this growth was also driven in non-life insurance by the good performance of industrial property and liability insurance and agricultural insurance, particularly subsidised crop insurance, as well as a booming home insurance market, and in life assurance by the continued expansion of corporate insurance and pension arrangements

As a market-leading insurer, our aim is to be at the forefront of improvements implemented and applied to make our processes faster and simpler than ever before.

We continued our comprehensive digitalization efforts initiated years ago. In recent years, there has been a significant increase in the number of clients who make use of online opportunities and prefer using digital channels. We introduced innovations, such as our claim assessment application, which enables clients to record and communicate the claims they have to our adjusters and we also launched a service that allows customers to arrange travel insurance products via the chat feature of the most popular social networking site.

The success of our efforts is demonstrated by the fact that 2017 is the third year in a row in which we earned the title of Best Hungarian Insurance Company. This was also the 13th and 10th time, respectively, that we won the Superbrands and Business Superbrands awards. This makes Allianz the only Hungarian insurance company to have won these professional benchmarks every year since their existence.

These awards prove that we are heading in the right direction with our initiatives and activities. Feedback in the form of recognition is particularly important to us as it is essential to integrate client needs into our operations along the lines of vital areas such as a client-oriented approach, the digital age and market opportunities.

With a successful year behind us, we can only conclude that in 2018 we will continue to serve our clients in the same spirit as before and build further for the future.

Dated at Budapest, in June 2018

With thanks and warm regards,



PÉTER KISBENEDEK
Chairman & CEO

SUPERVISORY BOARD

PETROS PAPANIKOLAOU

Chairman of the Supervisory Board

ALEXANDER PROTSENKO

Member of the Supervisory Board

DR. SUSANNE IRENA DOBÓCZKY

Member of the Supervisory Board

ÁGNES IBOLYA EKLER

Member of the Supervisory Board

SZABOLCS MÉSZÁROS

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

IT, Operation and Claim Management

BALANCE SHEET AT 31 DECEMBER, 2017*

Assets

HUF millions

	2016 Total	2017 Life Insurance	2017 Non-life Insurance	2017 Non insurance business	2017 Total
A Intangible assets	6 114	11	4 858	0	4 869
B Investments (financial assets) (I-VI)	212 851	44 579	159 505	1 051	205 135
I. Land and buildings	12 950	0	12 624	0	12 624
II. Investments in related companies	2 010	1 010	0	1 000	2 010
III. Other investments	197 821	43 569	146 823	51	190 443
IV. Deposit receivables from reinsurance business assumed	70	0	58	0	58
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	74 576	83 191	0	0	83 191
D Receivables	8 059	1 624	6 947	706	9 277
E Other assets	2 984	1 926	1 727	2	3 655
F Prepaid expenses and accrued income	9 825	1 984	7 958	15	9 957
Total assets (A+B+C+D+E+F)	314 409	133 315	180 995	1 774	316 084

Equity and Liabilities

HUF millions

	2016 Total	2017 Life Insurance	2017 Non-life Insurance	2017 Non insurance business	2017 Total
A Equity (I-VII)	47 675	7 495	25 873	1 045	34 413
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 (±)	19 196	0	12	0	12
V. Non-distributable reserve	0	0	0	0	0
VI. Valuation reserve	0	0	0	0	0
VII. Retained profit (±)	13 030	2 079	15 916	957	18 952
B Subordinated loan capital	0	0	0	0	0
C Technical reserves	169 886	40 126	132 625	0	172 751
D Technical reserves for investments executed for life insurance policyholders who carry the investment risk (unit-linked)	74 576	83 191	0	0	83 191
E Provisions	3 881	626	2 420	0	3 046
F Deposit receivables from reinsurance business ceded	0	0	0	0	0
G Liabilities	10 615	891	12 187	729	13 807
H Accrued expenses and deferred income	7 776	986	7 890	0	8 876
Total equity and liabilities (A+B+C+D+E+F+G+H)	314 409	133 315	180 995	1 774	316 084

*The summary includes the lines marked with letters in the Balance Sheet described in Annex 1 of the Government Decree 192/2000; in case of equity and investment positions, the summary represents the lines marked with Roman numerals in the Decree.

PROFIT AND LOSS STATEMENT FOR YEAR 2017*

HUF millions

	2016 Total	2017 Life Insurance	2017 Non-life Insurance	2017 Total
01. Net earned premiums, without reinsurance	114 088	36 687	90 291	126 978
Gross premiums	130 533	36 790	107 978	144 768
Gross premiums ceded (-)	12 487	125	11 916	12 041
Net change in reserves for unearned premiums (±)	3 958	-22	5 771	5 749
02. Allocated investment return to policyholders	141	0	182	182
03. Technical income from investments	5 193	5 129	0	5 129
04. Investment income allocated from life insurance (-)	0	0	0	0
05. Non-realised income from investments	3 533	4 937	0	4 937
06. Other technical income	1 018	211	603	814
07. Claim expenses	69 351	27 334	49 301	76 635
Claims paid and settlement costs	69 808	26 664	48 630	75 294
Change in reserves for outstanding claims (±)	-457	670	671	1 341
08. Change in actuarial reserves (±)	-2 951	-2 273	-109	-2 382
09. Change in other technical reserves (±)	6 033	8 798	-2 026	6 772
10. Net operating costs	30 087	6 706	24 928	31 634
Acquisition costs	22 940	5 305	18 707	24 012
Administrative expenses	10 421	1 424	8 832	10 256
Commissions and profit sharings assumed from reinsurers (-)	3 274	23	2 611	2 634
11. Investment expenses	402	1 299	0	1 299
12. Non-realised losses from investments	1 165	1 502	0	1 502
13. Other technical expenses	7 899	194	8 126	8 320
A TECHNICAL RESULT (+01+02+03-04+05+06-07±08±09-10-11-12-13)	11 987	3 404	10 856	14 260
14. Net investment income	11 160			10 664
15. Investment expenses	3 084			2 501
I. Investment profit (+14-15)	8 076			8 163
16. Other income	1 418			3 086
17. Other expenses	7 359			5 764
II. Result of other non-technical activities (+16-17)	-5 941			-2 678
B Profit from ordinary activities (+A+I+II)	14 122			19 745
18. Extraordinary income	0			0
19. Extraordinary costs	0			0
III. Extraordinary result (+18-19)	0			0
C PRE-TAX PROFIT (+B+III)	14 122			19 745
IV. Tax payable	1 092			793
D PROFIT AFTER TAX (+C-IV)	13 030			18 952

*The lines of the Income Statement correspond to the regulation of 192/2000. Government Decree with the difference that the life and non-life insurance segments are presented side by side.

BALANCE SHEET IN EUROS AT 31 DECEMBER, 2017*

Assets

EUR thousands

	2016 Total	2017 Life Insurance	2017 Non-life Insurance	2017 Non insurance business	2017 Total
A Intangible assets	19 656	37	15 664	0	15 701
B Investments (financial assets) (I-VI)	684 365	143 738	514 298	3 390	661 426
I. Land and buildings	41 638	0	40 704	0	40 704
II. Investments in related companies	6 464	3 258	0	3 224	6 482
III. Other investments	636 038	140 480	473 408	166	614 054
IV. Deposit receivables from reinsurance business assumed	225	0	186	0	186
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	239 780	268 237	0	0	268 237
D Receivables	25 909	5 238	22 400	2 276	29 914
E Other assets	9 595	6 209	5 568	7	11 784
F Prepaid expenses and accrued income	31 590	6 396	25 661	48	32 105
Total assets (A+B+C+D+E+F)	1 010 895	429 855	583 591	5 721	1 019 167

Equity and Liabilities

EUR thousands

	2016 Total	2017 Life Insurance	2017 Non-life Insurance	2017 Non insurance business	2017 Total
A Equity (I-VII)	153 291	24 166	83 429	3 369	110 964
I. Registered capital	13 716	2 418	11 337	0	13 755
II. Registered but unpaid capital (-)	0	0	0	0	0
III. Capital reserve	35 953	15 044	20 728	284	36 056
IV. Accumulated profit reserve (±)	61 727	0	44	0	44
V. Non-distributable reserve	0	0	0	0	0
VI. Valuation reserve	0	0	0	0	0
VII. Retained profit (±)	41 895	6 704	51 320	3 085	61 109
B Subordinated loan capital	0	0	0	0	0
C Technical reserves	546 220	129 381	427 627	0	557 008
D Technical reserves for investments executed for life insurance policyholders who carry the investment risk (unit-linked)	239 780	268 237	0	0	268 237
E Provisions	12 479	2 017	7 802	0	9 819
F Deposit receivables from reinsurance business ceded	0	0	0	0	0
G Liabilities	34 128	2 872	39 294	2 350	44 516
H Accrued expenses and deferred income	24 997	3 182	25 439	2	28 623
Total equity and liabilities (A+B+C+D+E+F+G+H)	1 010 895	429 855	583 591	5 721	1 019 167

*The summary includes the lines marked with letters in the Balance Sheet described in Annex 1 of the Government Decree 192/2000; in case of equity and investment positions, the summary represents the lines marked with Roman numerals in the Decree.

PROFIT AND LOSS STATEMENT IN EUROS FOR YEAR 2017*

EUR thousands

	2016 Total	2017 Life Insurance	2017 Non-life Insurance	2017 Total
01. Net earned premiums, without reinsurance	366 818	118 292	291 129	409 421
Gross premiums	419 694	118 623	348 160	466 783
Gross premiums ceded (-)	40 153	402	38 422	38 824
Net change in reserves for unearned premiums (±)	12 723	-71	18 609	18 538
02. Allocated investment return to policyholders	455	0	586	586
03. Technical income from investments	16 696	16 537	0	16 537
04. Investment income allocated from life insurance (-)	0	0	0	0
05. Non-realised income from investments	11 360	15 918	0	15 918
06. Other technical income	3 274	681	1 946	2 627
07. Claim expenses	222 980	88 134	158 965	247 099
Claims paid and settlement costs	224 451	85 974	156 801	242 775
Change in reserves for outstanding claims (±)	-1 471	2 160	2 164	4 324
08. Change in actuarial reserves (±)	-9 488	-7 330	-352	-7 682
09. Change in other technical reserves (±)	19 400	28 368	-6 532	21 836
10. Net operating costs	96 737	21 621	80 374	101 995
Acquisition costs	73 756	17 104	60 316	77 420
Administrative expenses	33 506	4 591	28 477	33 068
Commissions and profit sharings assumed from reinsurers (-)	10 525	74	8 419	8 493
11. Investment expenses	1 291	4 190	0	4 190
12. Non-realised losses from investments	3 745	4 845	0	4 845
13. Other technical expenses	25 396	625	26 201	26 826
A TECHNICAL RESULT (+01+02+03-04+05+06-07±08±09-10-11-12-13)	38 542	10 975	35 005	45 980
14. Net investment income	35 882			34 385
15. Investment expenses	9 918			8 064
I. Investment profit (+14-15)	25 964			26 321
16. Other income	4 559			9 950
17. Other expenses	23 660			18 586
II. Result of other non-technical activities (+16-17)	-19 101			-8 636
B Profit from ordinary activities (+A+I+II)	45 405			63 665
18. Extraordinary income	0			0
19. Extraordinary costs	0			0
III. Extraordinary result (+18-19)	0			0
C PRE-TAX PROFIT (+B+III)	45 405			63 665
IV. Tax payable	3 510			2 556
D PROFIT AFTER TAX (+C-IV)	41 895			61 109

*The revaluation of the Hungarian currency figures was done according to the National Bank of Hungary official rate of exchange on 29 December 2017 and 30 December 2016.

AUDITOR'S REPORT



KPMG Hungária Kft. Tel.: +36 (1) 887 71 00
Váci út 31. Fax: +36 (1) 887 71 01
H-1134 Budapest E-mail: info@kpmg.hu
Hungary Internet: kpmg.hu

Independent Auditor's Report on the Summary Financial Statements

To the shareholder of Allianz Hungária Zrt.

Opinion

The summary balance sheet as at 31 December 2017 and the summary income statement for the year then ended (hereinafter together referred to as "the summary financial statements") presented on pages 7-8 of the annual report of Allianz Hungária Zrt. (hereinafter referred to as "the Company") are derived from the audited annual financial statements of Allianz Hungária Zrt. (hereinafter referred to as "the Company") for the year ended 31 December 2017.

In our opinion, the attached summary balance sheet and summary income statement presented on pages 7-8 of the accompanying 2017 annual report of Allianz Hungária Zrt. are consistent, in all material respects, with the balance sheet and income statement included in the audited annual financial statements for the year ended 31 December 2017 of which they were derived, on the basis described on pages 7-8 of the annual report.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "the Act on Accounting"). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited annual financial statements and the auditor's report thereon. The summary financial statements and the audited annual financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those annual financial statements.

The Audited Annual Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited 2017 annual financial statements in our report dated 4 May 2018.

Management's Responsibility for the Summary Financial Statements

The management of Allianz Hungária Zrt. is responsible for the preparation of the summarised financial statements on the basis described on pages 7-8 of the annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited 2017 annual financial statements on the basis described on pages 7-8 of the annual report based on our procedures, which were conducted in accordance with Hungarian National Standard on Auditing 810, "Engagements to Report on Summary Financial Statements."

Budapest, 30 May 2018
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

Allianz Hungária Zrt.

H-1087 Budapest
Könyves Kálmán krt. 48-52.

allianz.hu

