

Allianz Hungária Zrt.
Annual Report 2013

Main indicators

	2011	2011	Change	2012	2012	Change	2013	2013
	HUF million	EUR million	%	HUF million	EUR million	%	HUF million	EUR million
Gross premium income	144 095	463,1	-8,2	132 286	454,1	-2,2	129 363	435,7
Gross claims paid	109 118	350,7	-17,6	89 930	308,7	-0,0	89 910	302,8
Gross investment income	17 434	56,0	-1,1	17 249	59,2	2,3	17 641	59,4
Registered capital	4 266	13,7	-	4 266	14,6	-	4 266	14,4
Equity	46 440	149,3	0,8	46 794	160,6	0,1	46 835	157,7
Retained profit for the year	525	1,7	-32,8	353	1,2	-88,4	41	0,1
Net technical reserves	187 734	603,4	-6,0	176 379	605,5	-3,6	169 944	572,4
Technical reserves following investments made for the benefit of life insurance policyholders	39 442	126,8	11,1	43 836	150,5	19,0	52 169	175,7
Total technical reserves	227 176	730,2	-3,1	220 215	756,0	0,9	222 113	748,1

Welcome



Dear Partners and Clients!

In 2013, despite the slight improvement in the economic outlook, the insurance sector still had to face a changing economic climate and challenging market circumstances. Nevertheless, Allianz Hungária Zrt. still has a stable capital position and sufficient reserves, and it managed to preserve its market leader position.

In 2013, the total premium revenue of Hungarian insurance companies was HUF 810.2 billion; this is only 0.7% higher than the same figure for 2012, which means that the total premium revenue for the entire Hungarian insurance market basically stagnated last year.

Allianz Hungária's gross premiums written amounted to HUF 129.4* billion in 2013 compared to the previous year's figure of HUF 132.9 billion; the operating profit rose from HUF 8.7 billion in 2012 to HUF 10.4 billion in 2013.

Allianz Hungária's premiums from the non-life insurance business dropped from HUF 89.5 billion in the previous year to HUF 79.9 billion in 2013. According to data published by MABISZ (Association of Hungarian Insurance Companies), Allianz's 21.2% market share in

the non-life sector consolidated the company's market leader position.

The drop in the premiums in the motor third party liability (MTPL) insurance and casco businesses reflect market trends. As a result of the modest recovery of the economic environment, the motor businesses experienced an increase in the frequency of loss events, and a couple of casco and MTPL fleets with high loss ratios had a temporary adverse effect on claim expenses. Nevertheless, Allianz managed to remain the market leader in the MTPL market with a share of 25.9%. Allianz reacted to the continued aging of the Hungarian population's vehicle fleet by launching our Allianz Casco Light offer targeting used car owners. This product provides a solution of the usual high quality to those who consider price a critical factor but still want to make

sure their vehicle is insured against theft, breakage and elemental loss.

The retail property branch saw a slight increase in premiums compared to the same period last year. Although 2013 was a relatively uneventful year in terms of natural disasters, a couple of major events (snow pressure, earthquake, storm and flood) did occur, leaving their mark on the technical results of the retail property business. Despite the high number of reported loss events (a total of 150,000), Synaptel, a smartphone application developed for the rapid settlement of mass events of loss allowed us to settle natural disaster-related claims in 3 days on average. Over the past few years, Allianz has developed its home insurance product range so that each target group now has one transparent product package with flexible and variable content allowing clients to choose the product that best suits their needs and budget.

Within the corporate insurance business, the performance of the agricultural sector must be highlighted where the key driver of growth was, just like in 2012, government-subsidised crop insurance. However, the premiums of the corporate insurance business as a whole suffered because a few large-premium policies were taken out of our company's portfolio.

Allianz Hungária Zrt's premium from the life business segment was HUF 49.5 billion, 15,8% higher than that of the previous year.

The single-premium life insurance market expanded; consequently, Allianz's life and health business gained a significantly higher premium revenue owing to, among other factors, a more successful campaign for single-premium life insurance than last year's. And, despite the market contraction for regular-premium life insurance, Allianz still was able to grow in this segment. In the life business, sales of the earlier product range continued to be the foundation with unit-linked insurance policies being the dominating type that gave the vast majority of new acquisitions.

While adjusting to the constantly changing market environment, 2013 as well was characterised by innovation and digitalisation. We have put great emphasis on the use of modern tools, the transformation of the products and the enhancement of the procedures to meet the changed requirements of our customers. In the case of the e-products modern

online administration is available through our Customer Portal, thereby allowing our customers to manage their insurance-related affairs quickly and without queuing. In the spirit of simplicity and fastness in 2013 we introduced the Allianz Fast Quote as a novelty, with the use of which our customers can calculate the premium and conclude the contract, which used to be a lengthy process, just in a matter of minutes, as by merely providing three pieces of data the most favourable MTPL premium available at Allianz can be calculated. Customer feedbacks confirm that the interface is easy to use, simple, clear and fast.

Allianz pays special attention to providing its customers with quality services and fair information. The success of our efforts is verified by the prizes and professional accolades we have earned. For our performance in 2013, we were given the "Consumer-friendly Insurance Company of the Year" award. Also, we received the Superbrands and the Business Superbrands awards for the tenth and the seventh time, respectively. Also, the best Call Centre recognition (won for the third time in 2013), our excellent position in the Deloitte Central Europe Top 500 list (showing that Allianz Hungária was the best Hungarian insurance company last year) and our podium finish in Transparency International's Hungary survey (concluding that our company is the most transparent player of the financial industry) all prove that we are on the right track with our initiatives and activities.

Our company is committed to transparent operations and has pledged zero tolerance against corruption; we also expect the same from our contractual partners and brokers. 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 2014

Kind regards,



Péter Kisbenedek
Chairman-Chief Executive Officer

Supervisory Board

Manuel Eberhard Bauer

Chairman of the Supervisory Board

Dr. Susanne Irena Doboczky

Member of the Supervisory Board

Bruce Anthony Bowers

Member of the Supervisory Board

Harold Michael Thomas Langley-Poole

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, 2013*

Assets

	2012	2013	2013	2013	2013
	HUF million	HUF million	HUF million	HUF million	HUF million
		Life insurance	Non-Life insurance	Non insurance business	Total
A Intangible assets	7 613	1	7 447	0	7 448
B Investments (financial assets) (I-VI)	212 482	55 090	158 406	1 163	214 659
I. Land and buildings	16 052	0	15 249	0	15 249
II. Investments in related companies	1 000	0	0	1 000	1 000
III. Other investments	195 318	55 090	143 054	163	198 307
IV. Deposit receivables from reinsurance business assumed	112	0	103	0	103
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	43 836	52 169	0	0	52 169
D Receivables	9 957	668	4 217	2 728	7 613
E Other assets	3 723	2 194	2 619	1	4 814
F Prepaid expenses and accrued income	10 809	2 347	7 329	37	9 713
Total assets (A+B+C+D+E+F)	288 420	112 469	180 018	3 929	296 416

Equity and liabilities

	2012	2013	2013	2013	2013
	HUF million	HUF million	HUF million	HUF million	HUF million
		Life insurance	Non-Life insurance	Non insurance business	Total
A Equity (I-VII)	46 794	7 529	36 699	2 607	46 835
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 (±)	30 992	2 113	26 713	2 519	31 345
V. Non-distributable reserves	0	0	0	0	0
VI. Valuation reserve	0	0	0	0	0
VII. Retained profit (±)	353	0	41	0	41
B Subordinated loan capital	0	0	0	0	0
C Technical reserves	176 379	47 679	122 265	0	169 944
D Technical reserves for investments executed for life insurance policyholders who carry the investment risk (unit-linked)	43 836	52 169	0	0	52 169
E Provisions	1 298	6	1 652	3	1 661
F Deposit receivables from reinsurance business ceded	97	0	99	0	99
G Liabilities	15 003	3 780	14 292	1 316	19 388
H Accrued expenses and deferred income	5 013	1 306	5 011	3	6 320
Total equity and liabilities (A+B+C+D+E+F+G+H)	288 420	112 469	180 018	3 929	296 416

Profit and Loss Statement for year 2013*

	2012	2013	2013	2013
	HUF million	HUF million	HUF million	HUF million
		Life insurance	Non-Life insurance	Total
01. Net earned premiums, without reinsurance	110 626	49 434	68 487	117 921
Gross premiums	132 286	49 494	79 869	129 363
Gross premiums ceded (-)	21 874	111	9 963	10 074
Net change in reserves for unearned premiums (±)	-214	-51	1 419	1 368
02. Allocated investment return to policyholders	2 276	0	9	9
03. Technical income from investments	7 442	6 977	0	6 977
04. Investment income allocated from life insurance (-)	862	726	0	726
05. Non-realised income from investments	3 636	1 607	0	1 607
06. Other technical income	1 213	180	1 631	1 811
07. Claim expenses	87 052	40 829	56 236	97 065
Claims paid and settlement costs	91 947	40 639	50 408	91 047
Change in reserves for outstanding claims (±)	-4 895	190	5 828	6 018
08. Change in actuarial reserves (±)	-2 697	-3 639	-7 531	-11 170
09. Change in other technical reserves (±)	845	8 333	-2 652	5 681
10. Net operating costs	25 534	6 963	21 648	28 611
Acquisition costs	22 096	5 706	14 635	20 341
Administrative expenses	9 437	1 273	8 938	10 211
Commissions and profit sharings assumed from reinsurers (-)	5 999	16	1 925	1 941
11. Investment expenses	2 381	1 718	0	1 718
12. Non-realised losses from investments	337	686	0	686
13. Other technical expenses	1 461	873	6 384	7 257
A) TECHNICAL RESULT (+01+02+03-04+05+06-07±08±09-10-11-12-13)	9 418	1 709	-3 958	-2 249
14. Net investment income	14 511			14 892
15. Investment expenses	7 036			2 714
I. Investment profit (+14-15)	7 475			12 178
16. Other income	2 651			1 888
17. Other expenses	14 495			3 520
II. Result of other non-technical activities (+16-17)	-11 844			-1 632
B) PROFIT FROM ORDINARY ACTIVITIES (+A+I+II)	5 049			8 297
18. Extraordinary income	0			9
19. Extraordinary costs	17			18
III. Extraordinary result (+18-19)	-17			-9
C) PRE-TAX PROFIT (+B+III)	5 032			8 288
IV. Tax payable	785			697
D) PROFIT AFTER TAX (+C-IV)	4 247			7 591
V. Payment of dividends and shares from profit reserve	0			0
VI. Dividend and shares paid (approved)	3 894			7 550
E) RETAINED PROFIT FOR THE YEAR (+D+V-VI)	353			41

Balance sheet in euros at 31 December, 2013*

Assets

	2012	2013	2013	2013	2013
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-Life insurance	Non insurance business	Total
A Intangible assets	26 134	4	25 083	0	25 087
B Investments (financial assets) (I-VI)	729 454	185 543	533 517	3 915	722 975
I. Land and buildings	55 108	0	51 359	0	51 359
II. Investments in related companies	3 432	0	0	3 368	3 368
III. Other investments	670 529	185 543	481 812	547	667 902
IV. Deposit receivables from reinsurance business assumed	385	0	346	0	346
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	150 491	175 707	0	0	175 707
D Receivables	34 181	2 249	14 199	9 190	25 638
E Other assets	12 781	7 389	8 820	5	16 214
F Prepaid expenses and accrued income	37 108	7 907	24 684	125	32 716
Total assets (A+B+C+D+E+F)	990 149	378 799	606 303	13 235	998 337

Equity and liabilities

	2012	2013	2013	2013	2013
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-Life insurance	Non insurance business	Total
A Equity (I-VII)	160 644	25 357	123 604	8 781	157 742
I. Registered capital	14 645	2 526	11 842	0	14 368
II. Registered but unpaid capital (-)	0	0	0	0	0
III. Capital reserve	38 389	15 714	21 652	296	37 662
IV. Accumulated profit reserve (±)	106 397	7 117	89 971	8 485	105 573
V. Non-distributable reserves	0	0	0	0	0
VI. Valuation reserve	0	0	0	0	0
VII. Retained profit (±)	1 213	0	139	0	139
B Subordinated loan capital	0	0	0	0	0
C Technical reserves	605 511	160 586	411 789	0	572 375
D Technical reserves for investments executed for life insurance policyholders who carry the investment risk (unit-linked)	150 491	175 707	0	0	175 707
E Provisions	4 457	21	5 564	9	5 594
F Deposit receivables from reinsurance business ceded	333	0	333	0	333
G Liabilities	51 507	12 729	48 136	4 434	65 299
H Accrued expenses and deferred income	17 206	4 399	16 877	11	21 287
Total equity and liabilities (A+B+C+D+E+F+G+H)	990 149	378 799	606 303	13 235	998 337

Profit and Loss Statement in euros for year 2013*

	2012	2013	2013	2013
	€ 000s	€ 000s	€ 000s	€ 000s
		Life insurance	Non-Life insurance	Total
01. Net earned premiums, without reinsurance	379 781	166 496	230 667	397 163
Gross premiums	454 137	166 699	269 001	435 700
Gross premiums ceded (-)	75 091	375	33 555	33 930
Net change in reserves for unearned premiums (±)	-735	-172	4 779	4 607
02. Allocated investment return to policyholders	7 813	0	32	32
03. Technical income from investments	25 546	23 501	0	23 501
04. Investment income allocated from life insurance (-)	2 958	2 447	0	2 447
05. Non-realised income from investments	12 481	5 413	0	5 413
06. Other technical income	4 164	606	5 494	6 100
07. Claim expenses	298 848	137 515	189 407	326 922
Claims paid and settlement costs	315 654	136 874	169 777	306 651
Change in reserves for outstanding claims (±)	-16 806	641	19 630	20 271
08. Change in actuarial reserves (±)	-9 257	-12 258	-25 364	-37 622
09. Change in other technical reserves (±)	2 902	28 067	-8 933	19 134
10. Net operating costs	87 657	23 453	72 912	96 365
Acquisition costs	75 853	19 219	49 288	68 507
Administrative expenses	32 398	4 287	30 106	34 393
Commissions and profit sharings assumed from reinsurers (-)	20 594	53	6 482	6 535
11. Investment expenses	8 173	5 786	0	5 786
12. Non-realised losses from investments	1 158	2 309	0	2 309
13. Other technical expenses	5 013	2 941	21 500	24 441
A) TECHNICAL RESULT (+01+02+03-04+05+06-07±08±09-10-11-12-13)	32 333	5 756	-13 329	-7 573
14. Net investment income	49 816			50 157
15. Investment expenses	24 155			9 139
I. Investment profit (+14-15)	25 661			41 018
16. Other income	9 105			6 356
17. Other expenses	49 764			11 855
II. Result of other non-technical activities (+16-17)	-40 659			-5 499
B) PROFIT FROM ORDINARY ACTIVITIES (+A+I+II)	17 335			27 946
18. Extraordinary income	0			29
19. Extraordinary costs	58			62
III. Extraordinary result (+18-19)	-58			-33
C) PRE-TAX PROFIT (+B+III)	17 277			27 913
IV. Tax payable	2 695			2 345
D) PROFIT AFTER TAX (+C-IV)	14 582			25 568
V. Payment of dividends and shares from profit reserve	0			0
VI. Dividend and shares paid (approved)	13 369			25 429
E) RETAINED PROFIT FOR THE YEAR (+D+V-VI)	1 213			139

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 shareholders 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 December 31, 2013, the summary income statement for the year then ended, and related notes, are derived from the audited statutory financial statements of Allianz Hungária Zrt (hereinafter referred to as "the Company") for the year ended December 31, 2013. We expressed an unmodified audit opinion on that statutory financial statements in our report dated March 14, 2014. 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 Act on Accounting. Reading the summary financial statements, therefore, is not a substitute for reading the audited 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 International Standard on Auditing (ISA) 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 December 31, 2013 are consistent, in all material respects, with those statutory financial statements for the year ended December 31, 2013, in accordance with the methodology described on the 7th and 8th page of the annual report.

Budapest, July 14, 2014

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 Torvénynyizók Cégbeírósága, no. 01-09-063183



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