



ANNUAL REPORT

for financial year

2019

of

TRANSILVANIA BROKER DE ASIGURARE S.A.

Issuer admitted on the regulated market of Bucharest Stock Exchange
(BSE)

In compliance with Law 24/2017 and ASF Regulation no. 5/ 2018 on issuers of financial instruments and market operations

Issue date: 29.04.2020

Name of Company: TRANSILVANIA BROKER DE ASIGURARE S.A.

Registered office: 13, Calea Moldovei street, Bistrița, Bistrița-Năsăud County

Ph no: 0263-235900, Fax: 0263-235910

Taxpayer Identification Number: 19044296

Trade Register Identification Number: J06/674/2006

Share subscribed and paid capital: 500,000 lei

Market where the issued securities are traded on: Regulated spot market, Main
Segment, Standard Category



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▪ Analysis of the Company's activities

Settlement year
Brief history

TRANSILVANIA BROKER de ASIGURARE S.A (herein referred to as "Transilvania Broker", "Company", "Issuer"), an insurance brokerage company set up and registered in 2006, runs its operations in compliance with the provisions of the Companies' Law 31/ 1990, Law 236/ 2018 on the distribution of insurance and the legislation pertaining to capital market. The company is licensed by the Financial Supervisory Authority (ASF) to conduct brokerage services in the commercial insurance field under no. 114420 of November 21st, 2006 and is enrolled in the Insurance Brokers' Register under no. RBK-374.

Though at the beginning active only in Bistrita- Nasaud county, at the date of this report the services of Transilvania Broker are offered at national level, in 39 counties. through over 1,300 brokerage agents (fig 1). The development policy built on diversification of services portfolio, extension of territorial network, consolidation of partnerships with both insurer companies and their cooperators and lately, for the past 2 years, it has been completed with digitalisation of the interaction and serving of the client, market penetration in online and intensive promotion of Transilvania Broker brand and offer on multiple channels of communication with the market.

As a result of consistently following of the development strategy by the Company's management, as of 2015 Transilvania Broker de Asigurare S.A has a place among the first 4 brokerage companies of the 287 active entities, according to the survey drawn out and published by the Financial Supervisory Authority (ASF)¹.

The decision to publicly list the Company's shares on the regulated market of Bucharest Stock Exchange starting with November 2nd, 2017 under TBK symbol represents a critical turning point in the Company's trajectory: a critical maturity threshold touched and the perspective of a new development era.

Main activity

The Company carries out activities and services that are specific to the insurance intermediation field and is authorised as insurance brokerage company by the Financial Supervisory Authority (ASF). According to the articles of association, the main activity field resides in NACE code 662- "Auxiliary activities of insurance and pension funds", with main activity sub-category in "Activities of insurance agents or brokers; negotiations for natural and legal persons, insured or potentially insured, of insurance contracts and providing assistance before and during the contracts' execution period or related to damages' claim and compensation, as it is the case-NACE Code 6622". Close to the main activity, the Company also performs "Activities of assessment of insurance and damages' risk - NACE code 6621".

The mandatory third liability insurance contracts - vehicles, professional or general-represent, by volume and number, the largest part of the premiums concluded by the

¹ [ASF, 2020, Evoluția pieței asigurărilor din România, anul 2019](#), [ASF 2020 Evolution of insurance market in Romania, year 2019] Bucharest, as well as further revisions.



Main results

brokerage agents appointed by Transilvania Broker de Asigurare S.A. Besides, the company intermediates a varied portfolio of insurance premiums: life and health insurances, on whose development it has focused a significant part of human and financial resources for the past years; accident insurances; land, railway, sea, air transport means insurances; home, buildings or construction workings insurances; insurance for goods in transit, of machines, equipments and appliances; insurance of liabilities, guarantees and financial loss.

The Company addresses all demand segments of the insurance market- it places “the Client” in the centre of its philosophy and business model and offers a comprehensive coverage for the Client’s insurance needs. All brokerage agents are trained and have the necessary tools to offer insurance schemes and programs that are completely tailor made on the Client’s integrated interests.

The services that are offered are not limited to the intermediation on insurance market, but also include services of identification, assessment and management of risks, creating solutions for minimisation or transfer of insurable risks, analyses of efficiency and efficacy of insurance contracts in their validity period. Transilvania Broker de Asigurare undertakes the management of insurance contracts for the whole validity period with focus on adapting to the Client’s business dynamics and needs, as well as sorting out of potential damages and good receipt of compensation thereto.

Closely connected to the extensive and intensive development of sales departments through the online segment, the Company created and consolidated the *back office* function- the human and technical resources are in place in order to offer, with minimum human and system errors, the support needed by both the Company’s agents and the clients, for conclusion of insurance policies or sorting out of damages claim files. The Company offers continuous professional training to its agents, as well as develop the working platform by adding new functionalities for a better management of offers and corresponding information for the Clients.

Legal aspects

The Company’s operations comply with the provisions of the Companies’ Law 31/ 1990, republished, with further amendments and Law 236/ 2018 on the distribution of insurance. Also, the Company runs its activity in compliance with the legal provisions and regulations issued by the Financial Supervisory Authority (ASF) pertaining to insurance and reinsurance field, with accounting and fiscal legislation (Accounting Law 82/ 1991, republished, with further amendments, Law 227/2015 pertaining to Fiscal Code, republished, with further amendments, ASF Norm 36/2015 for the approval of Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements of the entities performing insurance and / or reinsurance activities).

The company is publicly listed on Bucharest Stock Exchange as of November, 2017: Spot regulated market, main segment, standard category. In its capacity of Issuer of securities,



Transilvania Broker de Asigurare S.A. complies with the provisions of laws and regulations pertaining to the capital market (Law 24/2017, ASF Regulations 5/2018 regarding issuers of financial instruments and market operations, EU Regulations 596/2014 with regards to market abuse etc.)

Reorganisations

No merger, split- off, acquisition or any other changes to the assets of the company took place within the reporting period.

Purchase/ sales of assets

In 2019 an increase of the tangible fixed assets was registered: lei 211,739 as a result of investment made in land and buildings' improvements and lei 88,196 as a result of purchase of equipment, technical appliances and furniture.

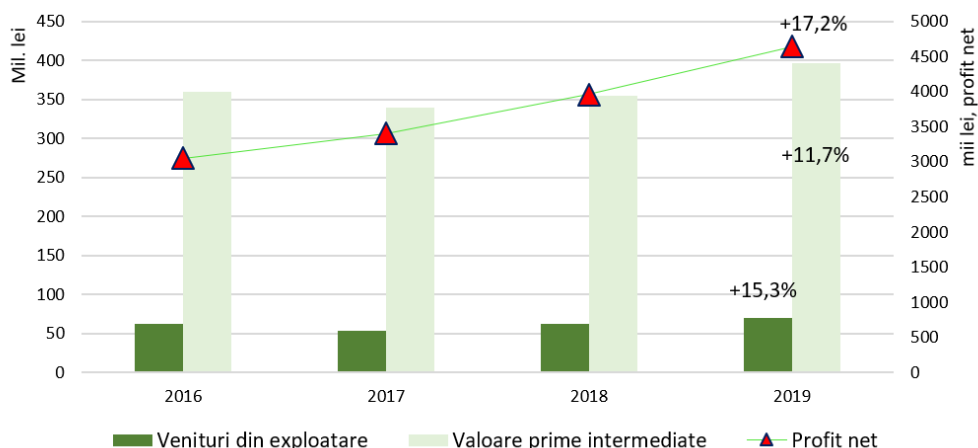
Assets were sold in the amount of lei 47,576, in the form of transportation vehicles with closed amortisation period.

On December 31st, 2019 Transilvania Broker de Asigurare S.A. („Transilvania Broker”) concluded the 3rd year in a row of continuous increase in profits and profit margin (fig.1).

The net profit reported for 2019 (lei 4.639,8 th) represents an increase by 17.2% as compared to 2018 and by 52.04% as compared to 2016. This evolution was supported by the positive dynamics of the other main financial indicators such as the volumes of underwritten premium rates and the earnings from insurance distribution activity, which, this year too, were higher than the forecasted budgets. Improvements in efficiency of running operations also generated an increase of profits' margin from 4.88% in 2016 to 6.58% in 2019.

The values of indicators pointing at financial position such as liquidity, solvency and indebtedness are above the stress thresholds and follow a positive evolution.

Fig. 1 Main financial indicators 2016-2019



In 2019 Transilvania Broker continued investing in its most important asset- the human resource-, as well as in promotion and marketing strategy.

At the same time, involvement in terms of Corporate Social Responsibility increased. Predominantly directed to support of ACS Transilvania School of Football for children and



junior players, which incentivise and train over 140 members, the the financial support offered as sponsorships increased to lei 178.4 th (57.5% higher than in 2018).

Pursuant to the General Assembly Resolution no. 9/23.04.2019, dividends were granted to shareholders in gross value of lei 1.28/share, which summed up 80.8% of the net profit reported for 2018 and was lei +0.24 lei/ share higher than the gross dividend issued as per 2017 financial year.

In terms of administrative operations, the following two are to be mentioned for the reporting period:

- the General Assembly Resolution no.9 of April 23rd, 2019 on renewal of audit services agreement with Rau Audit Office SRL until July 25th, 2022 and
- the Trade Register Resolution no. 8721 of July 11th, 2019 on the change of the registered office of the Company to 13, Calea Moldovei street, Bistrita, Bistrita Nasaud County (decided in the General Assembly Resolution no. 13 of December 6th, 2018).

□ General assessment

The annual individual financial statements were prepared by the Company in compliance with the provisions of the Accounting Law no. 82/199, republished with further amendments and with the ASF Norm 36/2015 for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements applicable to the insurance and/ or reinsurance brokers in force on the reporting date 31.12.2018 (“ASF Norm 36/2015”).

The management of the Company expressly and unconditionally declares the compliance of the annual financial statements with all the applicable provisions under ASF Norm 36/2015. In terms of taxes, the Company’s approach is in compliance with the provisions of Fiscal Code Law no. 227/2015.

In accounting of the financial effects of the Company’s operations the accounting principles and rules regarding *the recognition and valuation of the patrimonial elements* were observed. The book keeping for assets, liabilities and equity, the results obtained respectively, were applied consistently in order to ensure the *comparability over time of the accounting information*;

Clearance operations between assets and liabilities, between registered revenues and expenditures *were not performed*. *The assumption of business continuity is confirmed*, as there were no reasons or causes found to hinder then normal activity of the Company for a predictable time period.



Profits,
Turnover, Costs

The economic and financial operations and transactions carried out by the Company were registered in the accounting records of the Company on the basis of the supporting documents, in compliance with the legal provisions in force, and the results obtained are:

a) Net profits: 4,639,774 lei, 17.2% higher than the results of previous year, supported by the increase in the returns from the brokerage activity, as well as a gross margin of the operating activity significantly higher than that of 2018.

b) Net turnover: 70,544,204 lei, 13.7% higher than the turnover reported for December 31st, 2018, supported by increase of volumes of intermediated insurance premium fees and average commission fees.

c) Expenditure: as a result of increasing volumes of intermediation activity, the costs with commission fees granted to brokerage agents, which represent the most important of all operating expenditure (91.2%), increased by 15.7%, along with costs with promotion and advertising (+35%).

On the increasing income background, the reduction up to removal of the expenses with depreciation of other debtors, as well as reducing the “other expenses with third party services providers” determined an increase of the profitability rate with more than 17%.

d) Liquidity and solvency indicators

Table no. 1. Liquidity ratios

Liquidity
indicators

Indicators	Calculation formula	31.12.2018	31.12.2019	Benchmark
Current ratio / Quick ratio	Current assets/Current debts	1.962	2.016	>2
Cash ratio	Cash/Current debts	0.954	1.087	>0.8
Leverage ratio	Total Asset /Total debts	1.870	2.022	>1
Equity to capitalization ratio	Equity /(Long term debt + Equity) *100	79.3%	85.8	>30%

The company’s liquidity ratios, with values inside the comfort range and on positive trend compared to the previous financial year, reflect the specifics of the insurance intermediation activity, in that the due terms for receivables and debts in relation to insurers, on the one hand, and brokerage agents, on the other hand, are regulated by law and methodologies.

This tight control and monitoring of the cash flows characteristic to the insurance brokerage activity – between the insurers, Transilvania Broker and brokerage agents – together with a judicious internal management of the available cash and cash equivalents, have led to a high



level of financial liquidity for the Insurer, as the current assets' value doubles the value of the debts to be paid within one year.

As of 31.12.2019, the cash equivalents in the amount of 5,332.5 th lei covered the current debts by 108.7%, which also highlights the financial stability of the Issuer.

For end of 2019 financial year, as the Company's equities increased in absolute and relative values compared to the Company's debts, the Solvency indicators stay at significantly higher values than the comfort threshold and are higher than the previous year. This pinpoints to the Company's high capacity of self-financing and debt payment.

Risk indicators

e) Debt level

Table no. 2. *Indebtedness indicators*

Risk indicators	Calculation formula	31.12.2018	31.12.2019	Benchmark
Long-term debt to capitalisation ratio	Borrowed capital / Long-term capital *100	20.7%	14.21%	<50%
Debt to equity ratio	Total debt / Total assets*100	53.5%	49.5%	<80%

Borrowed long-term debt level was reduced and equities level increased, which led to a favourable evolution of risk indicators. The indebtedness level is significantly lower than the alert threshold and on a downward trend. This highlights on a low financial risk level, high capacity for debt payment and a sound credit risk management. Moreover, the long-term debt capitalisation ratio and the structure of the permanent capital reflect easy access to funding on monetary markets.

f) Margin and profitability ratios

Table no. 3 *Profitability indicators*

Indicators	Calculation formula	2018 31 December	2019 31 December
Operating profit margin	Operating profit / Sales *100	7.50%	7.67%
Net profit margin	Net profit / Sales *100	6.37%	6.58%
Return on equity ratio	Net profit / Equity *100	86.19%	76.91%
Return on long-term capital ratio	Net profit / Long-term capital *100	68.34%	65.98%

Profitability indicators

The higher growth pace of the revenues as compared to expenditures allowed for the slight increase of the profit margins. At the same time, the increase in equity value by 1,439.8 th lei (+31.3%) in 2019 as compared to the previous year, higher than the increase in the net profits (+681.2 th lei, +17.2% respectively), led to lower return on equity, and return on long-term



capital ratios. Nevertheless, these values pinpoint to a favourable position of the Issuer in the context of its specific activity.

The labour productivity indicators also present a significantly positive evolution. In 2019 the average value of insurance premium policies intermediated by a sales agent increased by 51.2% up to 293.7 th lei, while the revenues from the brokerage activities and net profits accordingly/ employee or agent increased to 51.5 th lei/ person (+51.8%) and to 3.4 th lei (56.6%).

Cashflows

e) Cash flow: changes that occurred in terms of cash flows pertaining to the main activity, financial investment and operations, cash equivalents at the beginning and end of reporting period

Table no 4. Cashflows

Indicator	Results pertaining to the reporting period	
	31.12.2018	31.12.2019
Net cash from operating activities	- 3,084,609	1,863,202
Net cash from investment activities	-1,689,606	- 221,912
Net cash from financing activities	1,400,000	- 200,400
Cash and cash equivalents on January 1st	7,265,864	3,891,649
Net increase/ decrease of cash and cash equivalents	-3,374,215	1,440,889
CASH AND CASH EQUIVALENTS ON DECEMBER 31ST	3,891,649	5,332,539

The available cash flow supports the economic development and the financial capacity to support the equity and borrowed capital as well.

The *cash and cash equivalents* of the Company on December 31st, 2019 increased by 37.03% compared to the previous reporting period.

Out of the *Operating activities* the Company registered a positive cash flow of 1,863,202 lei, which highlights on the Company's capability to have generated enough cash flow for maintaining operating activities, issue dividends and reimburse loans with no need to address other external financing resources.

Out of the *investment activities* a negative cash flow of 221,912 is registered as a result of the payments made for purchase of tangible assets in a total amount of 299,934 lei. Revenues from assets' sale were registered in the amount of 47,576 lei in the reporting period.



The financial activities of the Company generated a negative cash flow of 200,400 lei, due to the reimbursement of annual instalments pertaining to the bank loan withdrawn the previous year for financing the purchase of tangible assets.

Market share

f) Market share

Transilvania Broker de Asigurare S.A. maintains the same 5.5% as market share and so is on the 4th place in top 10 of insurance brokerage companies as per volumes of insurance premium intermediated. It is outclassed by Safety Broker de Asigurare SRL, with 7.52%, Marsh-Broker de Asigurare si Reasigurare SRL with 6.92%, and, with only 0.04 p.p. by Destine Broker de Asigurare-Reasigurare SRL, with a market share of 5.51%. The next competitor in the top, having a market share of 5.04% is Inter Broker de Asigurare, followed at 1 percentage point (4.08%) by Daw Management Broker de Asigurare.

1.2. Assessment of technical operations of the Company

TRANSILVANIA BROKER DE ASIGURARE S.A. addresses the demand for insurance services on the insurance market in Romania through professional specific activities and services such as introduction, suggestion or carrying out of activities that are preliminary to signing of insurance/ reinsurance contracts or assistance providing for administration or execution of contracts, especially damages related.

The main insurance products that are intermediated by the Company are:

- Life insurance;
- Health Insurance;
- Accident insurance;
- Insurance of land transport means;
- Insurance of railway means of transport;
- Insurance of air transportation;
- Insurance of sea, lake and river transport means;
- Insurance of goods in transit;
- Home insurance;
- Insurance of buildings and property belonging to legal entities;
- Third liability insurance for motor vehicles.

The Company provides professional services to clients or prospects with regards to:

- Distribution of insurance through maintaining a fair treatment of all clients, in compliance with the legal provisions in force pertaining to insurance and reinsurance distribution and avoidance of unfair, fraudulent or abusive practices;



- Identification of risks that may be the subject of insurance policies, their analysis, assessment and management;
- Recommending solutions to minimise or transfer the risks that may be insured;
- In terms of products and services' offer, the sales staff of the Company's agent provide clients with comprehensive, coherent, accurate, objective and realistic insight on the insurance recommended, so that the latter may take an informed decision;
- Consultancy to clients and prospects on the basis of thorough assessment of their needs and requirements, so that insurance contracts meet their expectations;
- Analysis of current insurance policies;
- Setting up of adequate insurance programme;
- Negotiation of insurance terms and conditions, analysis of opportunities of the market related to quality:price ratio and choosing of the most adequate insurance solution, in compliance with the clients' interests;
- Sound management of insurance contracts within their validity period and tailor making to the dynamics of clients' businesses;
- Support in the process of damages' settlement and receipt of insurance compensation;
- Provision of insight on the insurance market in Romania

The (potential) clients' knowledge of the rights and insight they should have> The following information is rendered to all clients before signing their insurance contracts:

- (a) Definition of each event that can be covered by the insurance, the compensation in case of occurrence of the insured event, each additional/ optional benefit or provision;
- (b) Events that are not covered by the insurance;
- (c) Commencement and termination of the insurance contract;
- (d) Provisions for performance, suspension or termination of the insurance contract;
- (e) Insight on any rights that the parties may have to early termination or by unilateral decision, as well as penalties provided for by the contract for such cases;
- (f) Payment of insurance premiums- means and payment terms;



- (g) Payment of insurance compensation, redemption or insured amounts- means and payment terms;
- (h) Insight on the premiums afferent to each type of benefit, main or additional, as the case;
- (i) Insight on the grace period offered;
- (j) Bonuses- calculation and distribution;
- (k) Total redemption amount, discounted insured amounts, as well as the threshold up to which these are guaranteed for each year of insurance contract;
- (l) Highlighting on the cases when redemption value of the insurance policy is null;
- (m) Legal proceedings for sorting out potential litigations arising from execution of the contract, as well as insight on the means for amiable settlement of claims submitted by clients or by the contracts' beneficiaries, as the case, while the latter do not represent a constraint to waive to the legal proceedings in force;
- (n) General insight on the fiscal legislation in force related to deductions that are possible to be made in the case of insurance contracts;
- (o) The legislation that is governing the insurance contract;
- (p) Existence of the Policyholders' Guarantee Fund;

Sales network

The Company created a vast network of over 1,300 brokerage agents (both natural and legal persons) and 4 registered offices covering 38 counties at national level, besides Bucharest. The four registered offices are in:

1. Sibiu, 10, Justiției street, Sibiu County;
2. București District 1, 59, Buzești street (A5/ap.66);
3. Pitești, 3, Intrarea Rozelor street, Arges County;
4. Cluj Napoca, 22, Sarmisegetusa street, Cluj County.

Structure of
Turnover

The evolution of sales within 2019, as per the volume of intermediated premiums, confirms the consistent ascending trend of the latest years. In comparison with 2018, the volume increased by 12,5% (+43,6 mil. lei). This rate is similar to that of the insurance intermediation market and with 10 p.p higher than the increasing rate in the previous year, reaching lei 393.3 mil (table no. 5).



Table no. 5. Evolution of structure of volume of intermediated insurance premiums on main insurance categories

Premiums intermediated on insurance categories	2017	2018	2019	Variation 2019/2018 (%)
TOTAL, wherefrom:	339,813,092	349,708,971	393,284,515	12.46%
Life insurance	1,055,320	2,465,091	4,025,699	63.31%
General insurance, wherefrom:	338,757,772	347,243,880	389,258,816	12.10%
Vehicle insurance (B III)	39,605,956	43,720,492	50,324,316	15.10%
Third-party liability vehicle insurance (B X)	256,792,030	249,831,421	275,122,743	10.12%
fire and natural calamities (B VIII)	22,059,260	24,818,035	28,748,321	15.84%
damages of real estate (B IX)	4,481,066	7,079,207	8,274,314	16.88%
general third-party liability (B XIII)	5,454,460	6,481,311	7,967,219	22.93%
<i>other categories of general insurance</i>	<i>10,365,000</i>	<i>15,313,414</i>	<i>18,821,903</i>	22.91%

Source: Transilvania Broker

Life insurance premiums kept the increasing trend both as volume and as share of the total of intermediated premiums. For the past three years, the share of life insurance in the total of intermediated insurance policies raised from 0.3% in 2017 to 1.02% in 2019. The 63.3% increasing rate registered in 2019 for this insurance category was of almost 5 times higher than that of the brokerage market (+13.4%). For Transilvania Broker, life insurance policies remain a segment that has an extremely generous potential and constitute as a priority for the Company's management.

Out of the general insurance policies (AG) all main categories recorded increasing trends: the vehicle third liability insurances (RCA) increased by 63.3% as compared to year 2018 and contributed with 60.2% to the increase of lei 43.6 mil of the volume of intermediated insurance premiums in general insurance category; this occurred as a spectacular turnaround after previous year, when the volume had contracted by 2.7%.

Optional insurance categories recorded also significant increase: the value of general civil third party liability insurance premiums increased by 22.9%, followed by



Operating
infrastructure

insurance against real estate damages (+16.9%), fire and natural calamities (+15.8%) and vehicle insurance (+15.1%).

The technical *back-office* support for the whole activity performed in such an extensive network is ensured by 24Broker integrated application, which covers multiple functions: (i) *issuing of insurance policies and their management* (reports of the due instalment payments, expiry dates, automated informing the clients, automated validation of paid amounts, policies' cancellation etc.) (ii) *invoice issuing to the insurer companies*; (iii) *calculation of commission fees owed to brokerage agents*; (iv) *clients' portfolio management*; (v) *brokerage agents' management* etc. This software is integrated with the accounting software used by the Company- WinMentor. The application started to be implemented as of 2007 and its development and adapting to current requirements stay as one of the major undertakings of the Company's management.

In 2019 the Company continued the process of implementation and development of the new Customer Relationship Management (CRM) system, as well as the improvement of the online intermediation platform facilitating online sales- a segment that has a tremendous development potential on the Romanian insurance intermediation market.

o **Assessment of sales activity**

Evolution as
compared to the

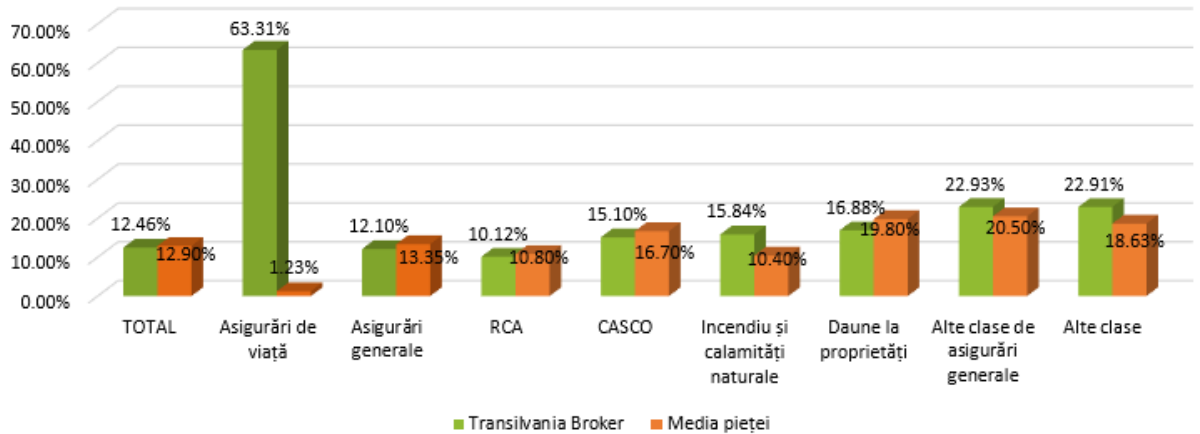
According to the annual report issued by ASF- The Evolution of insurance market in Romania², the level of total subscribed volume of intermediated insurance premiums was of 65.5% in 2019, with 2.7 p.p higher than the previous year. This led to a total volume of intermediated premiums by 12.9% higher than in 2018 and an average commission fees level of 17.52%, 2.04% higher than that calculated for the reference period (17.17%).

While the volume of intermediated premiums raised significantly for the general insurance category (+13,4%) and by only +1.23% in the case of life insurances, the intermediation level increased from 76.4% to 79.8% in the case of general insurance and decreased from 11.3% to 10.7% in the case of life insurance premiums.

The commission fee applied by Transilvania Broker (17.8%), higher than previous year, stays at superior level as compared to the average of the brokerage market (17.5%); the increasing rates with regards to different types of insurance categories are close to what is registered on the market (fig 2).

Fig. 2. Variation of intermediated insurance by categories, 2019 – 2018, Transilvania Broker de Asigurare S.A. vs average of corresponding market

² [ASF, 2020, Evoluția pieței asigurărilor din România, anul 2019](#), Bucharest

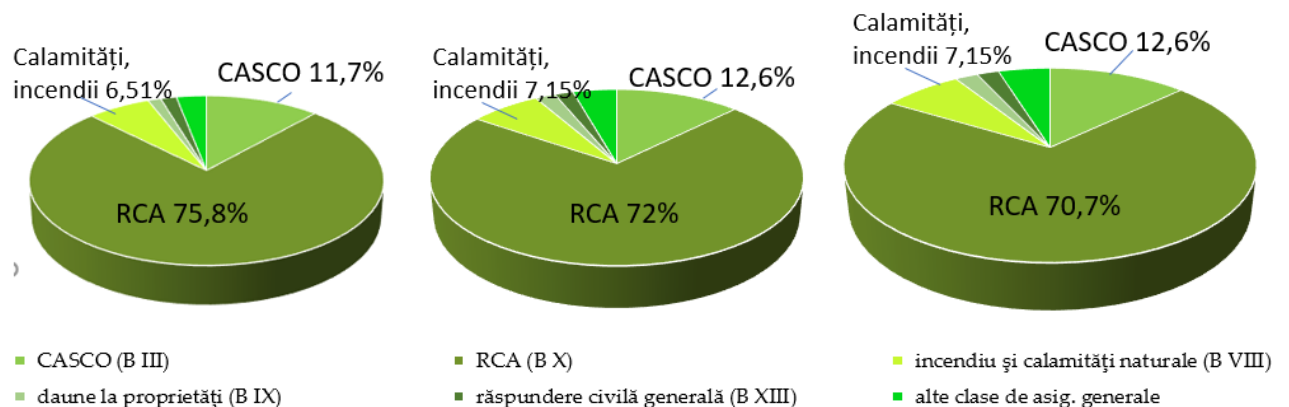


Source: Transilvania Broker and ASF annual Report- [Evoluția pieței asigurărilor din România în 2019](#)

Life insurance premiums keep on a consistent increasing trend both as volume and as share in the total of insurance premiums intermediated by Transilvania Broker. After an increase by 133% in 2018, the life insurance premiums concluded in 2019 summed up to lei 4.03 mil, by 63.3% more than the previous year and representing 1.02% of the total of intermediated premiums. This accelerated increasing rhythm allows for surpassing, in short time, of the level of this insurance category to the total value of intermediated insurance premiums on the market (3.33%).

Split by categories, a share of over 70% for the vehicle third-party liability insurance (RCA) out of the total of premiums concluded in 2019 is obvious, significantly higher than the average on the market (52.5%), but in a descending trend in the past 3 years, at the expense of other optional insurance categories (fig no. 3).

Fig. 3. Evolution of general insurance, split by categories, 2019



The comparative analysis of the structure of sales of general insurance premiums and of the dynamics of categories as compared to the industry reveals a competitive advantage for the mandatory vehicle third- party liability insurance. Also, obvious tendencies of accelerated increase are visible in the case of insurance against fire and



Market shares.
Competition

other natural calamities, real estate damages and other niche insurance, for the aim of reaching new competitive advantages.

The general evolution and that of different insurance categories of revenues from the intermediation activity granted Transilvania Broker the 4th position in top 10 of insurance brokerage companies as per the value of intermediated premiums- market share of 5.46% in 2019 (as per the report issued by ASF on evolution of insurance market in Romania in 2019- table no. 6). On main insurance categories Transilvania Broker stays better than the average on the market for the general insurance category; significant differences are recorded in the case of vehicle third- party liability insurance (RCA).

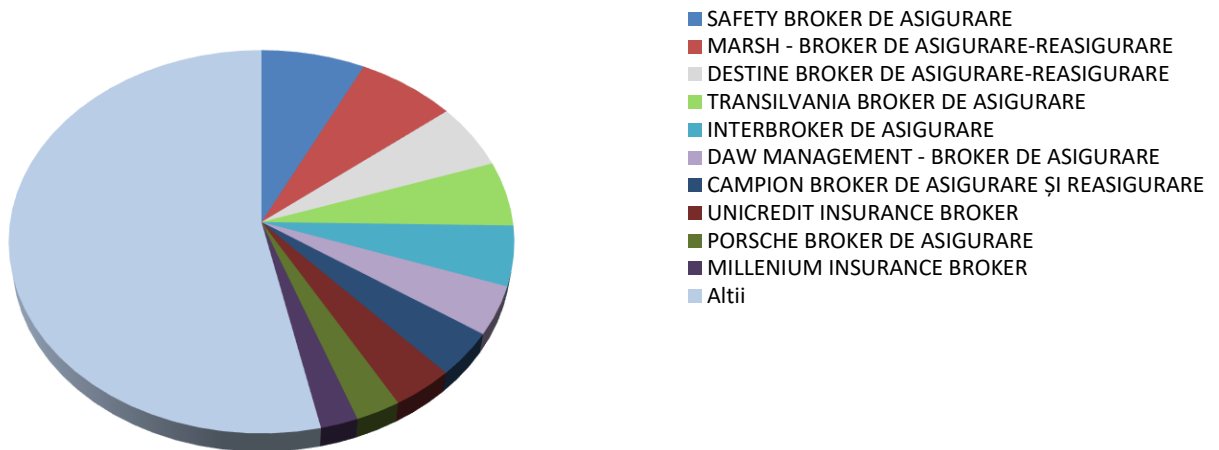
Table no. 6 Market share of Transilvania Broker de Asigurare S.A. for different products

Insurance category	Market share (%) 2019
Total	5.46%
Life insurance	1.67%
General insurance	5.59%
<i>Vehicle third-party liability (RCA)</i>	7.52%
<i>Vehicle insurance (CASCO)</i>	2.96%
<i>Insurance against fire and other natural calamities</i>	4.97%
<i>Damages to real estate (other)</i>	3.68%

The main competitors of the Company are Safety Broker de Asigurare SRL, Marsh-Broker de Asigurare si Reasigurare SRL, Destine Broker de Asigurare-Reasigurare SRL and Inter Broker de Asigurare SRL (fig. 4)



Fig. 4. Top 10 insurance brokerage companies as per value of premiums intermediated, 2019



Source: ASF Report, 2020 [Evoluția pieței asigurărilor din România în 2019](#)

Clients' portfolio.
Client
Dependency

The volume of premiums intermediated to legal persons- 7.1% of the 550,000 unique clients- represents 42.6% of total intermediated insurance premiums in 2019. The Company has a varied portfolio of clients, hence *there is no dependency created towards only one client* or towards a low number of clients. Consequently the market risk is low and confers resilience and sustainability to the business.

4. Assessment of the Company's employees' personnel

The relevant information on the evolution of the Company's personnel in 2018 – 2019 is contained in the table below (table no. 7):

Table no. 7. Structure and evolution of personnel

Number of employees (end of year)	2018	2019
Economists	19	19
IT Experts	1	1
Legal advisors	3	3
Others - long-term higher education	7	7
Others - short- term higher education	2	2
Secondary education (technical profile)	0	0
TOTAL	32	32

There were no changes to the personnel structure within January 1st, 2019 and December 31st, 2019, as compared to the previous reporting period.



Within 2019 the Company organised events for informing and training of employees and agents with regards to the trends on the market and the news on legal and organisational issues.

There are no conflicts reported between managers and employees in the Company.

5. Assessment of the impact of Issuer's activity on the environment

On December 31st, 2019 the Company complies with all conditions necessary for operating its activities as provided for by the legislation in force pertaining to environment protection. It has been granted the authorisation to function by the Environment Agency in Romania.

6. Assessment of research and development activity

During the reported period there were no fixed intangible assets representing expenses incurred from the research - development activity of the Company.

7. Assessment of the Company's risk management

7.1. The Company's internal controlling system

Assessment of
risk management
and internal
controlling
systems

The Company's internal controlling system consists of *policies and procedures* to confer the management a reasonable assurance the the Company accomplishes its targets:

5. *Code of Business Conduct and Ethics* with insights on the business scope of the Company as well as with provisions for compliance with legislation in force and specific methodologies;
6. *Mechanisms created for personnel to be able to alert the Executive Management or the Board of Directors* regarding violation of the business conduct and other defaults, with no reservations due to potential consequence;
7. *A set of operational policies and procedures* to ensure functional working of all departments of the Company;
8. *A risk management system* covering also the necessary and sufficient resources for permanent identification, assessment, checking and supervision of risks;
9. *Internal controlling procedures* that ensure the implementation of a risk management system which covers significant risks and thus offers a reasonable assurance to the management on the following aspects: Compliance with the legal and regulatory framework; Ensuring that all operations are registered in a correct manner and that the financial statements and reports are accurate;



Protection of goods and information; Prevention and detection of frauds and errors; Quality of book keeping and provision in due time of trustful and reliable data with regards to financial and management divisions.

7.2. The Company's exposure to the market, credit and liquidity risks

In terms of economic- financial analysis, risks are grouped depending on their impact in order to get assessed: **operating, financial and insolvency/ bankruptcy risks.**

The financial risk is inherent to the Company's variable outcomes as a result of the change of its financial structure. The financial structure is closely connected to the financing means followed by the Company, hence we can infer that financing exclusively out of own equities does not incur into any risk.

The management of financial risk is part of the financial planning and controlling activity and is always the subject of strategical decisions to continuous aligning to the internal and external conditions, both consistently changing. The very nature of financial decisions involves lack of certainty. Financial decisions are taken depending on future cash flows that are uncertain by default. Risk is consequently inherent to financial decisions.

Financial risk includes market risk, liquidity risk and credit risk.

a) Market risk (currency, interest, price- risk)

Unpredictable changes in the evolution of *interest rate, currency exchange rates* or *prices* do have an impact on the financial results of the Company:

➤ *Currency exchange risk*

Companies that use foreign exchange in operating their activities are exposed to the currency risk. This refers to the probability to incur losses in the international contracts or other economic relations due to the change in currency rates in the period between commencement of the contract and its maturity date.

The Company does not use foreign exchange in operating its activities, as transactions are run on the domestic market. There have been no contracts or other economic relations concluded which might be the subject of registering losses due to change of currency rates in the period between commencement of the contract and its maturity date.

The Company is not exposed to the currency risk.



Indicator	2018	2019	➤ Interest rate risk
Current assets/ Current liabilities	1,962	2,016	

The interest rate risk appears in the case of financing done through loans, which involves financial expenses for payment of debt in the form of interests, as the latter have an impact on the financial profitability of the Company. The Company is exposed to the risk of volatility of interest rates starting with end of 2018, when the investment loan was withdrawn.

The level of interest rate coverage out of the gross profits indicator, as per 2019, shows that the Company is not at risk generated by the interest rates. This indicator shows how many times the Company can pay for the interest debt and the higher it is, the lower the risk.

The exposure of the Company to the risks pertaining to change in interest rates on the cashflows is partially covered by the cash flows kept as 'over night' deposits, which also incur into fluctuating interest rates.

➤ Price risk

The price risk refers to price of resources, the currency exchange rates and the interest rates. It may appear especially when long-term contracts are concluded.

The Company operates with contracts concluded for relatively short-term, so that it is not exposed to this risk.

b) Liquidity risk

Liquidity refers to the capacity to pay in due time all short term obligations out of available cash resources. it must have supra-unit values in order to confer the existence of additional resources that may be used to cope with events occurring in the movement of working capital.

The current liquidity is the Company's capacity to cover current liabilities out of the current assets. The minimum threshold recommended for this indicator is 2.

There are no reasons to worry about the Company's ability to pay for future liabilities, as the current liquidity is on an increasing trend.

The Management of the Company assess the exposure to the liquidity risk. The Company's policy with respect to liquidity risk is to always keep resources that are enough to pay liabilities when they are due, as well as to ensure a balance between payables and receivables.

The liquidity indicators are within the comfort interval and in a positive evolution as compared to the previous reporting period; this is inherent to the peculiarities of the insurance brokerage



activity, namely where there are legal and methodological provisions that regulate the compensation terms of liabilities to the insurers and of revenues from the brokerage agents.

c) Credit risk

The Company is paid for the services provided in a relatively short term from the moment services are performed.

According to the contracts concluded, receivables are permanently monitored, prudential thresholds are settled and so there is no significant exposure of the Company to the risk of amounts not to be received. the guarantees offered ensure maximum security and the credit risk is minimal.

The Management analyses all debtors when setting for the credit thresholds, supervise on the former's conduct along with performing the contract and follows that due dates for payment of liabilities be complied with. In case of default of payment receipt, they take action in order to secure immediate in-cashing.

8. Prospective approach

The Company sets as prospects to be accomplished in the next period:

- Accelerated increase of online sales as main increasing vector for 2020, supported by all promotion initiatives in online environment;
- Continuing with the marketing and promoting strategy aiming at increasing the visibility of the Company's brand and offer;
- Development of corporate insurance department, another strategic priority for 2020;
- Development and implementation of professional training platform for collaborators;

In terms of external environment of the Company, whose evolution and trends may influence both the accomplishment rate of financial objectives and the implementation of the strategy by the decision making factors, the pandemic COVID-19 situation stays as the most perturbing factor.

The Company's management assessed the potential impact of this factor taking into account the following assumptions: the mandatory civil third party liability insurance represents over 70% of the total of intermediated insurance policies, reduces volatility of commission fees from the insurers, given the long-term contracts concluded, the change in behaviour of natural and legal persons belonging to the



target market, as well as the influences that this phenomenon has on costs at the general level of society.

The budgetary forecast for 2020, as it was proposed by the executive management and then approved by the Board of Directors, on the basis of these assumptions and in the light of the insurance market's dynamics as well as of the agents' network potential, consists in:

- a. Slight increase by 3% of the volumes of insurance premiums as compared to 2019;
- b. Higher revenues from brokerage activities (turnover)- lei 870.8 th (+1.23%) on the basis of a possible reduction of the average commission fee from 17.8% to 17%;
- c. Slight reduction of share of expenditure with commission fees owed to brokerage agents of the turnover to 84%, which would lead to savings of lei 797.8 th for this expense category;
- d. Increase by 20% of the expenditure with personnel, as per the budgeted increase of salaries, as well as the creation of the new *Corporate insurance department*;
- e. 0.7% of the turnover to be allocated to the promotion and marketing activities
 - f. Improvement of IT infrastructure and development of IT applications shall be kept as priority, on an expense level of lei 450,000, wherefrom lei 150,000 to be allocated to the development of online sales platform.

Under these circumstances, on the background of the crisis affecting especially the second quarter of the year, the increase in revenues as forecasted for 2020 shall be lower than in the previous years and yet, the profitability rate shall stay on an ascending trend. The net result for year 2020 is forecasted to increase by 7% as compared to the previous year, up to lei 4.98 mil.

The expected impact of the unfavourable economic conditions generated by the COVID- 19 pandemic does not affect the Company's capacity to distribute dividends, in compliance with the stated policy in this respect.

2. Tangible assets of the Issuer

The main tangible assets of the Issuer consist in the real estates in the value of lei 1,395,840 placed in Bistrița, 13, Calea Moldovei street, Bistrița-Năsăud County. These were purchased on the basis of sales contract no. 5468/18.12.2018 and its addendums 117/07.01.2019 and 609/12.02.2019, according to the Decision of the GSA no. 8/06.12.2018.

These buildings and land lots serving as registered office have a positive impact in terms of efficient organisation and performance of activities, on operational costs with rent fees, as well as with regards to the image of the company for the large audience.

Intangible assets



The Company owns also technical equipment and vehicles in the amount of lei 94,435 lei, by 49.5% higher than on 31.12.2017 and other appliances, equipment and furniture in the amount of lei 23,374, by 34.5% lower than previous year.

At cost value, the goods registered as technical equipment and vehicles increased with lei 83,965, reaching a total balance of lei 950,010, while the “Other appliances, equipment and furniture” did not register any change (increase or decrease) of value.

Amortisation

Within the reporting period the Company did not register amortisation costs for the land and building newly purchased. The tangible assets of ‘technical appliances and vehicles’ type were amortised up to 90%, alongside with a wear and tear level reaching 72.6%. The management of the Company considers investment in the facilities but does not consider that the wear and tear level implies significant issues on the activity.

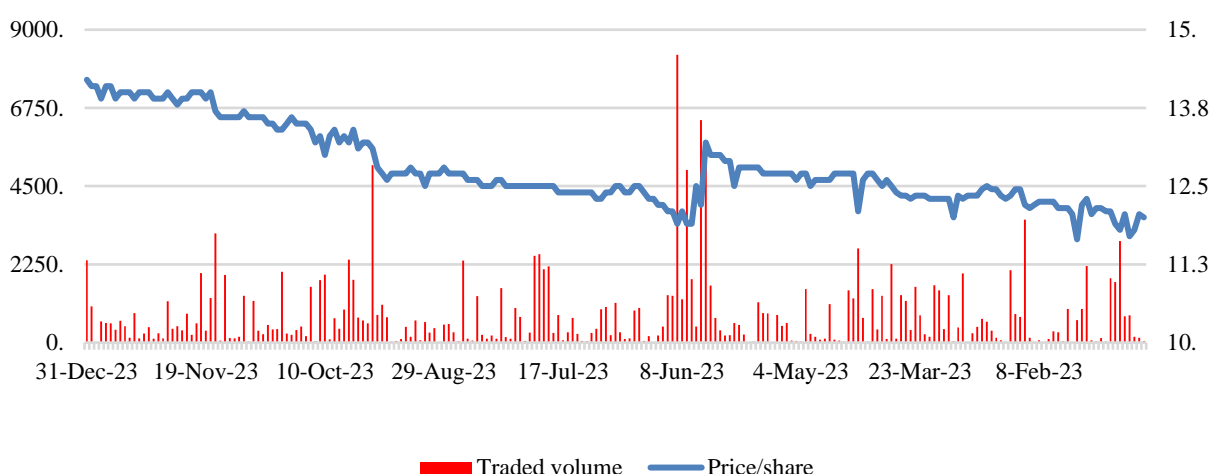
There are no issues related to the ownership right on the tangible assets of the Company.

3. The market for the securities issued by the Company

The shares owned by Transilvania Broker de Asigurare S.A. are tradable on the Stock Exchange market in Bucharest, Main Regulated Segment, ‘Standard’ category, as of November 2nd, 2017, under TBK symbol.

In 2019 the evolution of TBK shares on the Romanian stock exchange underwent an ascending trend, closely following that of the Romanian market on the whole, with its specific volatility as a result of the international economic- financial dynamics, as well as that on the Romanian political environment.

Fig. 6. Evolution of TBK shares’ price and volumes traded in 2019



lei shares

Source: www.bvb.ro

The end of year 2019 came with a highest level of the TBK share price out of the reporting period (14.2 lei/ share), meaning an increase by 18.33% as compared to the beginning of the



year. The breaking trend of this rhythm in the period of 3 to 5 June 2019 is natural to the period right before registration of the General Assembly's Resolution pertaining to dividends' granting and distribution. (Ordinary General Assembly no. 9 of April 23rd, 2019).

The share price thus varied between the maximum level reached at the end of the period (14.4 lei) and the minimum level of 11.56 lei/ share registered at the beginning of year 2019.

For 01.01.2019 – 31.12.2019 period, the medium volume traded per session was of 791.5 shares, the average value per session was of 10,061.73 lei, while the weighted average trading price was 12.71 lei. (table no. 9).

Table nro 9. Evolution of price and liquidity of TBK shares within 01.01.2019 – 31.12.2019

Trading TBK shares	Min.	Max.	Average
Traded volume (shares)	10	8,280	791.5
Traded value (lei)	120.5	98,532	10,061.73
Closing price (lei / share)	11.65	14.2	12.71

Source: www.bvb.ro

Besides the evolution of price and liquidity indicators for the shares owned by Transilvania Broker de Asigurare S.A., its position and evolution on the stock market is acknowledged also by the level and dynamics of the rating multiples, which report the economic- financial results of the company for the investors' assessment and expectations.

Table no. 10 Rating multiples for the public listed Company – Transilvania Broker de Asigurare S.A.

Indicator	Calculation formula	January 3rd, 2019	January 3rd, 2020	Variation	Average value on industry (int)*
PER (price earning ratio)	Price per share / net profit per share	7.58	7.65	-0.92%	18.13
P/BV (price to book value)	Stock capitalisation / equities	6.53	5.88	-9.95%	2.61
EPS (earnings per share)	Net profits / no. of shares	1.58 (lei)	1.86 (lei)	+17.72%	Variația YOY: + 12.02%
P/S (price to sales)	Stock capitalisation/ Turnover	0.48	0.50	+4.21%	2.61



DY (dividend yield)	Annual dividend per share/ Price of share	10.67%	10.7%	+0.35%	1.29%
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Source: Transilvania Broker de Asigurare S.A., *industry „insurance brokerage” - www.zacks.com

The rating multiples have values that reflect a favourable trend from the Investor’s perspective. The price earning ratio (PER)- the period of time needed for a return on the investment in TBK shares staid relatively the same as compared to the previous reporting period, at a level that is considered generally positive for the stock market and very close to the PER average value for the companies that gather the BET index on January 3rd, 2020 (7.7).

The increase in the value of equities (+31.3%) in a faster pace than that of the price per share (+18.3%) generated a lower P/BV. Yet, the latter’s value generates for the investor a significant premium compared to the accounting value of share (2.41 lei).

The net profit/ share increased by 17.72% and investors are prone to pay 2 lei more for each 100 lei of the turnover, as compared to the beginning of the reporting period.

At the time this report was drawn up, the TBK share was quoted on the Bucharest Stock Exchange at 12.4 lei, at a value of stock capitalisation of 31,000,000 lei. As a result of the negative shock induced over all stock exchange markets by the pandemic COVID 19 crisis, the TBK quote got lower, as of February 20th, 2020, by 17.33%. This is significantly lower than the BET-XT index (-30.38%) grounded by the context of reduced liquidity, as well as of the specifics of the industry.

Dividends policy

Characteristic to the Company’s dividends policy, the value of the dividend/ share ratio continued to increase, from 1.28 lei for the financial year 2018, to 1.52 lei for the financial year ended 31st December 2019 (+18.75%). Taking into account the relatively similar increase of this share price, the dividend yield (DY) staid slightly constant.

The dividends granted through Ordinary General Assembly Resolution as per latest financial years:

Table no. 11. Dividends granted in the past 3 years

Corresponding financial year:	2017	2018	Proposal for 2019
Dividends’ value (lei)	2,596,791	3,200,000	3,800,000

The Company commits to unconditionally comply to the Corporate Governance principles applicable to the Issuers whose securities are traded on a regulated market. The Company adopted a dividends’ policy consisting in a set of directions to be met related to the distribution of net profits. The Company states that it shall comply with this policy, highlighting on relevant principles pertaining to the dividends’ policy:

- (1) The Company acknowledges the shareholders’ rights to be paid dividends, as a way of involvement to the net profits registered by the Company as well as a return on the capital invested in the Company;
- (2) While grounding for distribution of net profits obtained within a financial year, the Board of Directors of the Company shall aim to a balanced distribution of the net profits between dividends granted to the



shareholders and the part to stay with the Company for investments, all in compliance with a prudent approach of management, for the sake of a sustainable development of the company on medium and long term;

(3) The dividends the shareholders are entitled to shall be distributed exclusively out of the net profits of the Company pertaining to a certain financial year, as per applicable accounting regulations and audited book keeping, according to the law and with the observance of other legal provisions that are relevant in the industry;

(4) The dividends are granted to shareholders either in the form of cash or by issuing free shares as a result of capitalisation of net profits accrued by the Company. Irrespective of the way chosen, the proposal for dividends' distribution is made by the Board of Directors under the form of financial statements to the investors. The final decision on dividends' distribution is taken by the General Assembly, according to the law in force.

The dividend policy may be found on the official website of the Company.

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The Company did not undergo redemption or public offering programs within the reported period.

The Company does not belong to a group of companies and does not own shares in other companies.

4. Corporate Governance

4.1. Issuer's management – Corporate Governance Structures

Transilvania Broker de Asigurare is a public listed stock company organised as a unitary system: its management is ensured by a Board of Directors consisting of 3 members appointed by the General Shareholders Assembly (GSA) for a 4-year mandate. The Board of Directors is subordinated to the GSA. The latter delegate competences for executive management to the Directors of the Company. The Board of Directors operates in compliance with the Board's Regulations and accomplish responsibilities assigned through statutory documents and mandate agreements, as well as legal provisions.

At the date of present report, the Company is not aware of any agreements, commitments or family relationships between members of the Board and other people with whom help the Board of Directors should have been appointed as such. Also, the Company is not aware of any litigations or administrative proceedings against members of the Board or executive management regarding their activity in the Company or which interferes with the capacity of this person to accomplish duties and responsibilities within the Company.

Along year 2019 the **Board of Directors** met in 5 sessions in order to analyse and discuss major issues for the Company. They have diligently undertaken all necessary actions for the execution of the activity scope of the Company and accomplished their responsibilities as per the mandate agreements.

Board of
Directors

The Members of the Board of the Company for the reporting period were:

- Dan Niculae– **Chairman and general manager.** With an over 12 year- experience in the field of insurance and banking financial instruments, Mr Dan Niculae has been appointed



in executive positions in Transilvania Broker de Asigurare S.A since 2010 and started his mandate as Chairman in June 2017. At the date of this report he owned 767,011 shares, representing 30.68% of the Company's share capital and voting rights in the GSA.

- Gabriel-Alexandru Țuică - **non-executive member** of the Board and member of the Audit Committee as of June 2017, has a 14-year experience as insurance broker/ agent.
- Daniela Tasia Deneș - **independent member** of the Board and Chairman of the Audit Committee, has an over 20-year experience in the financial accounting field. a 10-year experience as certified accountant, auditor, tax consultant, as well as legal expertise since 2013.

The resumes of these 3 members of the Board may be seen on the Company's website.

A total amount of lei 302,152 was granted to the members of the Board in 2019 related to their activities for the Issuer, in compliance with the Remuneration Policy, as this is posted on the Company's website.

Audit Committee

According to the legal provisions in force, an **Audit Committee** is organised within the Board of Directors. This Committee has a consultative role and is formed of 2 members:

- Mrs. Daniela Tasia Denes, Chairman;
- Mr. Gabriel Alexandru Tuica, member.

The Audit Committee consists only of non-executive directors and at least one member of the Committee is an independent non-executive Director. Mrs Daniela Tasia Deneș has relevant expertise in application of accounting and financial audit principles.

The Audit Committee assists the Board of Directors in the latter accomplishment of responsibilities with regards to internal audit and advises pertaining to the Company's strategy and policy for internal control, internal and external audit, as well as control on the way significant risks are managed.

The Audit Committee's aims are:

- supervision of all aspects related to audit and risks of the Company;
- check and control on the adequacy, independence and efficiency level or internal audit of the Company;
- analysis and check of the accuracy of the financial statements of the Company, as well as of other important reporting;
- monitoring and checking on the independence, objectivity and efficiency of external auditor;
- close supervision of the risk profile of the Company, identification of main exposure areas and submitting relevant information in this respect, to the Board, on a regular basis.

The Audit Committee is entitled to conduct or authorise investigations as deemed necessary to any of its responsibility areas.



On the basis of review, discussions, assessments and remedies accomplished and contained in the Audit Report submitted to the Board of Directors, the Audit Committee recommended to the Company's management and the latter approved that audited financial statements should be included in the Annual Report for the financial year ended 31.12.2019.

Executive management

Executive management is appointed by the Board of Directors of the company. It informs the Board of Directors on the activity undergone between the former's regular meetings. Executive management is also empowered to run and coordinate the daily activity of the Company and is entitled to represent the Company, as insurance brokerage company:

The executive management of the Company is ensured by:

- The General Manager- Mr Dan Niculae, also Chairman of the Board of Directors and
- The Executive Manager- Mr Ioan Cotiac. He owns 906 shares with Transilvania Broker.

The members of executive management have competence and responsibilities as per the job description/ duties committed to in the administration mandate agreement. None of the people with positions in the executive management or Board of Directors of the Company has been involved in litigations or administrative proceedings pertaining to the Issuer and has disclosed on any agreement, deal or family relationship to other person belonging to executive management or Board of Directors.

The resumes of the two executive managers of the Company may be seen on the Company's website.

A total amount of lei 311,257 was granted to the executive management in 2019 related to their activities for the Issuer, in compliance with the Remuneration Policy, as this is posted on the Company's website

4.2. The Statement of the Company pertaining to adherence to the Corporate Governance Code, as agreed by the Bucharest Stock Exchange

The Company adheres to and voluntarily applies the principles provided for by the Corporate Governance Code of BSE- for the issuers admitted for transactions on the regulated market of BSE.

The Statement regarding the Company's compliance to the Corporate Governance Principles as per the Corporate Governance Code issued by BSE for all issuers admitted for transactions on the regulated market of BSE is contained below.

The activity of the Board of Directors has not been assessed withing financial year ended 31.12.2019. The Board of Directors (its structure, members' contribution and overview activity) shall be the subject of an assessment undergone by the Chairman of the Board within the following period of time.



Cod e	Provisions	Full complian ce	Partial complian ce	Does not compl y	Reasons for non-compliance
Section A – Responsibilities of the Board of Directors (the Board)					
A1.	The Company must have an Internal Regulation of the BoD (Corporate Governance Regulation) which covers reference terms/ responsibilities for the Board and the key positions in the Company's management. The Regulation shall define an accurate policy with regards to delegation of responsibilities , including a formal list containing aspects to be decided on by the Board and a clear distinction from the executive management .	x			
A2.	The management of conflict of interests within the BoD must be provided for in the Corporate Governance Regulations. Members shall notify in this respect the Board regarding any conflicts of interests that have occurred or may occur. They shall refrain from attending discussions on or voting for making decisions on a matter that causes a conflict of interest.	x			
A3	The Board shall consist of at least 5 members.			X	Current statutory governance structure
A4.	The majority of members of the Board shall be non-executive and at least one member shall be independent. Each independent member shall, at the moment of election of reelection and whenever a change occurs in his/her status, shall make a statement containing the aspects taken into account as grounds for his/ her independence. The following criteria shall be considered when establishing independence of one member:	x			
A4.1.	He/she is not a general/ executive Director of the Company or of a controlled entity and has not had such a position for the past 5 years.	x			
A4.2.	He/she is not an employee of the Company or of a controlled entity and has not had such a position for the past 5 years.	x			
A4.3.	He/she has not been granted additional compensations or other advantages either by the Company or by a controlled entity besides those corresponding to his/ her capacity of non-executive administrator.	x			
A4.4.	He/she has not been an employee of and has not had for the past year a contractual relationship with a significant shareholder of the Company controlling over 10% of the voting rights of the Company, or with any of his/her controlled companies.	x			



A4.5.	He/she has not had for the past year a business or professional relationship with the Company or a controlled entity, either directly or as a client, partner, shareholder, member of the Board, General/Executive Director if, by its material character, this capacity may influence his/ her objectivity.	x			
A4.6.	He/she has not been for the past 3 years the external or internal auditor, partner or employed shareholder of the current external or internal auditor or of any controlled entity.	x			
A4.7	He/she is not the general/ executive director of other company where other general/ executive director of the Company is non-executive member.	x			
A.4.8	He/ she has not been non-executive administrator of the Company for a period of more than 12 years.	x			
A.4.9	He/she does not have family relationships with any person belonging to any of A.4.1. to A.4.4 categories.	x			
A5.	Any other professional commitments of the Board members, including the title of executive or non-executive member of the Board of some other company (except for subsidiaries of the Company), shall be disclosed to the Board before appointment and while under mandate .	x			
A6.	Each member of the Board shall disclose to the Board information regarding any relationship with a shareholder that owns, directly or indirectly, shares representing more than 5% of all voting rights. This duty stands for any type or relationship that may affect the position of Board member with regards to matters decided for by the Board.	x			
A7.	The Company shall appoint a secretary of the Board that is responsible with support of all Board's activity.	x			
A8.	The Corporate Governance Statement shall inform on whether the Board has been assessed, under the Chairman's supervision and, if they have, the key measures and changes resulted shall be outlined.	x			
A9.	The Corporate Governance Statement shall contain information on the number of meetings of the Board and the Committees for the past year, the attendance of the administrators (directly or by proxy) and a report of the Board on their activities.	x			



A10.	The Corporate Governance Statement shall contain information pertaining to the exact number of independent members of the Board of Directors or Supervision Board.	x			
Section B – Risk management and internal control system					
B1.	The BoD shall appoint an Audit Committee where at least one member shall be an independent non executive administrator. The majority of members, Chairman included, have proved relevant adequate expertise for the functions and responsibilities of the Committee. At least one member of the Audit Committee shall have proved corresponding experience in auditing or accounting fields.	x			
B2.	The Chairman of the Audit Committee shall be an independent non executive member.	x			
B3.	As part of its responsibilities, the Audit Committee shall execute an assessment of the internal control system on a yearly basis. This assessment shall encompass the efficiency and coverage of the internal audit function, the adequacy level of risk management and internal audit reports submitted to the Audit Committee of the Board, the promptness and efficiency with which executive management sort out deficiencies or the weaknesses identified as a result of the internal control and provision of relevant reports to the Board.	x			
B4.	The Audit Committee shall assess the conflicts of interests with regards to the Company or its subsidiaries' transactions with affiliated entities.	x			
B5.	The Audit Committee shall assess the efficiency of the risk management and internal control systems.	x			
B6.	The Audit Committee shall monitor the application of legal and accepted audit general internal audit standards. The Audit Committee shall receive and assess the reports of the internal audit team.	x			
B7.	The reports or analyses initiated by the Audit Committee shall be followed by periodic (at least yearly) or ad-hoc reporting to the Board.	x			
B8.	None of the shareholders is allowed to receive preferential treatment with regards to transactions or agreements concluded by the Company with shareholders or their affiliates.	x			



B9.	The Board shall adopt a policy that would ensure that any transaction of the Company with any of the entities it has close relationships (affiliated parties) whose value is equal to or higher than 5% of the net assets of the Company (according to the latest financial statement) must be approved by the Board on the basis of a mandatory opinion of the Audit Committee of the Board and correctly disclosed to the shareholders and potential investors, as long as this type of transactions are contained in the scope of legal reporting requirements.	x			
B10.	The internal audit shall be executed by a different division in terms of organisational structure (Internal Audit Department) of the Company or by a third party independent company (audit company). The internal audit department or the audit company shall report directly to the General Manager or to the Board, as it is the case.	x			

Section C – Correct compensation and incentives

C1.	The Company shall post on its website the Remuneration Policy and shall contain in the annual report a section where the total income of the Board Directors and of the General manager shall be included , as well as the total value of any bonuses or variable compensations , including the key hypotheses and principles for their calculation.	x			
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Section D – Value added character through relationship with third parties

D1.	The Company shall organise an Investors Department to be in touch with the large audience through the person in charge. Additionally to the insight imposed by the legal provisions, the Company shall upload on its website a section for Investors Care, in Romanian and English languages, where all relevant pieces of information that would be of interest for investors shall be contained, such as:	x			
D1.1	Main regulations of the Company, the Articles of association specifically and internal regulations of statutory bodies.	x			
D1.2	Resumes of members of statutory bodies.	x			
D1.3	Current and periodical reports.	x			
D1.4	Information related to the general assemblies of shareholders: agenda and corresponding documents, resolutions.	x			
D1.5	Information related to corporate events, such as dividends. payment or other events that result in obtaining or limitation of a shareholder's rights, deadlines and principles of such events included.	x			
D1.6	The Company shall appoint an Investor Relations function and shall include, on the special section dedicated on the Company's website, the name and data of the person in	x			



	charge with providing, at request, corresponding information.				
D1.7	Companies' overviews (for investors, regarding quarter results), financial statements (quarter, half, end year), audit and annual reports.	x			
D2.	The Company shall adopt a dividends policy as per the proposal of the General Manager and approved by the Board, as a set of directions/ principles to be followed for distribution of profits. The dividends' policy shall be posted on the website of the Company.	x			
D3.	The Company shall adopt a policy regarding prognoses, clearly pointing at whether these shall be released or not. They represent quantified conclusions of surveys related to the total impact of a list of factors on a future period (hypotheses). The policy shall contain the frequency, reference period and contents . If published, the prognoses shall be part of the annual, half and quarter reports . The Prognoses Policy shall be posted on the Company's website .	x			
D4.	The Company shall set the date and place of a general assembly of shareholders so that attendance for as large a number as possible to be ensured for the shareholders. The rules of the general shareholders' meetings shall not constrain attendance or exercising of their rights. Any change to the rules shall be valid starting with the next general shareholders' meeting.	x			
D5.	The external auditors shall attend the general shareholders meetings when their reports are presented during these meetings.	x			
D6.	The Board shall present to the general shareholders assembly a short assessment on the internal control and risk management systems, as well as their opinions on the topics set on the agenda of the meeting.	x			
D7.	Any professional, consultant, expert or financial analyst may attend the general shareholders' meetings on the basis of an invitation of the Board. Certified journalists may also attend general shareholders' meetings, except for the cases when the Chairman decides differently.	x			
D8.	Financial reports shall include information both in Romanian and English language, with regards to main factors influencing changes to sales, operational profits or any other relevant indicator.	x			



D6.	The Company shall organise at least two meetings/ conference calls with analysts and investors, each year. The information presented under these meetings/ calls shall be posted on the Company's website, Investors' Relations section, the moment the meeting/ conference call occurs.	x			
D7.	If the Company organises different artistic and cultural, sports, educational or scientific events and considers that their impact on the innovative and competitive character of the Company is a part of the development mission and strategy, a Policy pertaining to its activity in these fields shall be published on the Company's website.	x			

Other aspects related to Corporate Governance are contained in the Corporate Governance Regulations of the Company and posted on the Company's website.

5. Overview of financial- economic position of the Company

Financial The analysis of the economic- financial position of the Company by way of comparing the previous reporting period to the current position at the beginning of the year highlights on the following aspects:

ASSETS

Financial position indicators (lei)	2018 31 December	2019 31 December	Variation (%) 2019/2018	Share in total assets (%), 2019
Fixed assets	1,856,787	2,040,516	+9.9%	17.1%
Intangible assets	18,045	8,636	-52.1%	0.07%
Tangible assets	1,816,080	2,019,710	+11.2%	16.9%
Financial assets	22,662	12,170	-46.3%	0.10%
Current assets	8,003,378	9,887,408	+23.5%	82.8%
Inventories	0	0	-	0%
Receivables, of which:	4,111,729	4,554,869	+10.8%	38.2%
brokerage related receivables	836,446	920,990	+10.1%	7.72%
other receivables	3,275,283	3,633,879	+10.9%	30.44%
Cash and bank accounts	3,891,649	5,332,539	+37%	44.7%
Prepayments	11,117	9,103	-18.1%	0.08%
TOTAL ASSETS	9,871,282	11,937,027	+20.9%	100%



End of year 2019, the current assets, which make up for the most part of total assets (82.8%), consist of cash and cash equivalents (representing 53.9% of current assets and 44.7% of total assets) and receivables (representing 46.1% of current assets and 38.2 of total assets).

The variation in cash and cash equivalents' values end of year 2019 as compared to the end of previous year (+37%) was due to directing financial resources for the purchase of a real estate for the new headquarters of the Issuer, on the one hand and to the payments of dividends corresponding to the previous 2 years, 2016 and 2017 (total of 5,475.8 th lei).

In the Receivables asset category, the value of receivables pertaining to the brokerage activity – in relation to both insurers and brokerage agents – represents 97.41% of all receivables. The rest of 117.8 th lei comprises receivables in relation to personnel and state budget. The increase in receivables by 10.8% as compared to the previous year reflects the increase in the volume of intermediated premiums.

The value of tangible assets, representing 99% of fixed assets and 16.9% of total assets, increased by 11.2% given the investment in land and buildings improvement (211.7 th lei), technological equipment, transportation and other office furniture (88.2 th lei), which exceeded the value of amortisation in 2019. As per the adjustment to the reduction of value of intangible and financial assets, the dynamics of tangible assets generates an increase by 99% of the total value of total fixed assets.

DEBTS AND EQUITIES

Financial position indicators (lei)	2017 31 December	2018 31 December	2019 31 December	Share in total liabilities (%) on 31.12.2019
Current debts	8,723,850	4,078,759	4,905,127	41.32%
Bank loans		200,400	200,400	2.03%
Debts related to brokerage activity	5,044,351	3,315,470	4,116,732	33.59%
Other short- term debts	3,679,499	562,889	587,995	5.70%
Non- current debts	0	1,199,600	999,200	12.15%
Long-term loans	0	1,199,600	999,200	12.15%
Total debts	8,723,850	5,278,359	5,904,327	53.47%
Share capital	500,000	500,000	500,000	5.07%
Reserves, wherefrom:	100,000	100,000	100,000	1.01%
Legal reserves	100,000	100,000	100,000	1.01%



Reported result, wherefrom	(-701,223)	34,399	792,926	0.35%
- out of correction of accounting errors	(-701,223)	-	-	-
- non- distributed profits	-	34,399	-	0.35%
Result for the period	3,405,622	3,958,526	4,639,774	40.1%
Distribution of profits	70,000	0	-	-
Total equities	3,234,399	4,592,925	6,032,700	46.53%
TOTAL EQUITIES AND DEBTS	11,958,249	9,871,284	11,937,027	100%

The Issuer's debts, by 11.9% higher than in 2018, represent 49.5% of the total liabilities of the Company. 83.9% of current debts are generated by brokerage activity, whose due payment terms are legally regulated by the specific insurance brokerage industry. The dynamics of both receivables and current debt is a mere reflection of the intensity of the intermediation activity. The current debt to various creditors is of 25.1 th lei (0.5% of total current debt), while fiscal debt pertaining to personnel and public budget reaches 463.3 th lei (9.45% of total current debt).

Debt with due date greater than one year consists exclusively of the bank credit contracted for the acquisition of fixed assets within the previous financial year, whose value is gradually reduced by way of due yearly instalments.

The Issuer's equity represents 50.5% of the Company's liabilities on 31.12.2019. It is by 31.3% higher as compared to the end of 2018 and is generated by 792.9 th lei as retained earnings in 2019 (792.2 th lei more than in 2018), as well as by the net result of the reporting period, by 17.2% higher than in 2018.

Analysis of
financial
performance

PROFIT AND LOSS ACCOUNT

Financial performance indicators (lei)	2017 31 December	2018 31 December	2019 31 December	Share in corresponding income/expense category (%), 2018
Operating revenues, wherefrom:	53,906,286	62,144,821	70,625,675	100%
Revenues from insurance brokerage activity	53,835,203	62,121,897	70,544,204	99.88%



Revenues from subsidies and other operating activities	71,083	22,924	81,471	0.12%
Operating expenditure, wherefrom:	49,931,129	57,484,914	65,218,384	100%
Expenses with commission fees for brokerage agents	45,544,380	51,905,798	60,045,230	92.07%
Expenses with third party service providers	1,273,722	2,183,280	2,006,669	3.08%
Expenses with disposable and inventory materials	131,427	135,666	228,543	0.35%
Expenses with other taxes, fees and similar payments	173,037	80,113	104,302	0.16%
Expenses with personnel	2,270,043	2,327,041	2,542,601	3.90%
Expenses with amortisation	135,930	76,591	108,593	0.17%
Other operating expenses	402,590	776,425	182,446	0.35%
OPERATING RESULT	3,975,157	4,659,907	5,407,291	-
Financial revenues	2,692	17,753	28,034	-
Financial expenditure	2,539	0	61,780	-
FINANCIAL RESULT	153	17,753	(33,746)	-
GROSS RESULT	3,975,310	4,677,660	5,373,545	-
Tax on profit	569,688	719,134	733,771	-
NET RESULT	3,405,622	3,958,526	4,639,774	-

The company's revenues generated by the brokerage activity, the Net Turnover, represent 99.88% of all operating income. They increased by 13.7% as compared to the previous year, given the boost in volume of premiums intermediated in 2019 from 355,010.6 th lei in 2018 to 396,600.7 th lei in 2019 (+11.7%). The average brokerage fee, calculated as the ratio between the value of intermediated premiums and the revenues from the brokerage activity, increased from 17.5% in 2018, to 17.8% in 2019.



The operating expenditures increased in a slower pace than the revenues (+13.5%), which led to a positive gross operating result of 5,407.3 th lei, by 16% higher than the year before. The gross profit margin increased also from 7.5% last year, to 7.67 % in 2019.

While other categories of operating expenditures got lower, the expenditure with commissions granted to brokerage agents increased at a slightly faster pace than the revenues generated by the brokerage activity (+2 p.p.), but the ascending rhythm of profit growth was kept.

The advertising and marketing costs represent the main category in the “expenditures with services provided by third parties” (26.2%). Their value increased by 35% as compared to the previous year, as a result of the management’s focus on increasing brand and services awareness within the targeted market and among strategic partners.

Downsizing the expenditure with services provided by third parties (-331.2 th lei), as some IT development projects were completed and the value the expenditures with the depreciation of receivables from various debtors were removed (-569.0 th lei), contributed to a lower increase rate of total expenditures as compared to that of the revenues.

The sponsorship costs related to the educational-social projects in the local community supported by Transilvania Broker increased also by 57.5% in 2019, as compared to 2018.

The financial revenues and costs are related to the interests received and paid and generated a loss of 33.7 th lei.

The gross profit of 5,373.5 th lei, adjusted by the profit tax of 733.8 th lei, led to a positive net result of 4,639.8 th lei, by 17.2% higher than the reported profit end of 2018.

6. Litigations

The management of the Company assess the progress of all open litigations on a regular basis and duly decides on the necessity to make provisions correspondingly or consider them as contingency liabilities.

The Company acknowledges that at the time of reporting on financial statements the litigations the Company is involved in shall not have a significant impact on the operations and financial position of the Company. Yet, there is an amount that needs to be considered as contingent liability: 2,117,833 lei claimed by Asirom Vienna Insurance Group S.A. Transilvania Broker de Asigurare S.A. won at first instance with the Court of Bistrița-Năsăud. In 2019 Asirom Vienna Insurance Group S.A. appealed the solution in front of High Court of Justice and Cassation of Romania- this is under progress.

Chairman of Board of Directors
Dan Niculae



**TRANSILVANIA BROKER DE
ASIGURARE S.A.**

**INDIVIDUAL FINANCIAL
STATEMENTS**

**on and for the financial year ended on
Decembre 31st, 2019**

**prepared according to ASF Norm 36/
2015 for the approval of Accounting
regulations pertaining to annual
individual financial statements and
annual consolidated financial
statements that are applicable to
insurance and/ or reinsurance
brokerage companies**



TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

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TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

FINANCIAL STATEMENT on
December 31st, 2019

Name	No. line	Balance on:	
		01.01.2019	31.12.2019
A. ASSETS			
I. INTANGIBLE ASSETS			
1. Expenses with constitution	1	0	0
2. Expenses with development	2	0	0
3. Concessions, patents, licenses, commercial trademarks, rights and similar assets, if they have been paid for	3	18.045	8.636
4. Commercial fund	4	0	0
5. Pending advance payment for intangible assets	5	0	0
TOTAL (lines 01 to 05)	6	18.045	8.636
II. TANGIBLE ASSETS			
1. Land and buildings	7	1.698.272	1.870.959
2. Technical equipment and machines	8	94.435	132.522
3. Other devices, equipment and furniture	9	23.373	16.229
4. Pending advance payment and intangible assets	10	0	0
TOTAL (lines 07 to 10)	11	1.816.080	2.019.710
III. FINANCIAL ASSETS			
1. Shares owned in affiliated companies	12	0	0
2. Loans granted to affiliated companies	13	0	0
3. Shares owned at affiliated companies and companies controlled in a Group	14	0	0
4. Loans granted to affiliated companies and companies controlled in a Group	15	0	0
5. Investment in the form of assets	16	0	0
6. Other loans and bonds	17	22.662	12.170
TOTAL (lines 12 to 17)	18	22.662	12.170
INTANGIBLE ASSETS- TOTAL (lines 06 + 11 + 18)	19	1.856.787	2.040.516
B. CURRENT ASSETS			

TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

I. INVENTORIES			
1. Raw materials and other current assets similar to inventories	20	0	0
2. Advance payemnt for purchase of inventories	21	0	0
TOTAL (lines 20 + 21)	22	0	0
II. ACCOUNTS RECEIVABLE			
1. Receivables as a result of distribution activity	23	836.446	920.990
2. Receivables related to insurance products designed together with insurance companies	23a		0
3. Receivables from affiliated companies	24	0	0
4.receivables from affiliated companies and companies controlled in a Group	25	0	0
5. Other receivables	26	3.275.283	3.633.879
6. Receivables related to unpaid subscribed share capital	27	0	0
7. Receivables related to dividends granted within the financial year	27a	0	0
TOTAL (lines 23 to 27+23a+27a)	28	4.111.729	4.554.869
III. SHORT TERM INVESTMENT			
1. Shares owned with affiliated companies	29	0	0
2. Other short term investment	30	0	0
TOTAL (line 29 to 30)	31	0	0
IV. CASH AND BALANCES WITH BANKING INSTITUTIONS	32	3.891.649	5.332.539
CURRENT ASSETS - TOTAL (lines 22 + 28 + 31 + 32)	33	8.003.378	9.887.408
C. EXPENSES IN ADVANCE	34	11.117	9.103
D. DEBT: AMOUNTS TO BE PAID			
WITHIN ONE YEAR			
1. Loans as a result of bonds' issuance with specific details on convertible bonds	35	0	0
2. Amounts owed to credit institutions	36	200.400	200.400
3. Debt related to distribution activity	37	3.315.470	4.116.732
4. Amounts owed to affiliated companies	38	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

5. Amounts owed to affiliated companies and companies controlled in a Group	39	0	0
6. Other debt, including fiscal debt and amounts to be paid to social security	40	562.887	587.995
TOTAL (lines 35 to 40)	41	4.078.757	4.905.127
E. NET CURRENT ASSETS/ NET CURRENT DEBT	42	3.935.738	4.991.384
(lines 33 + 34-41-56)			
F. TOTAL ASSETS MINUS TOTAL CURRENT DEBT	43	5.792.525	7.031.900
(lines 19 + 42-55)			
G. DEBT: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR			
1. Loans as a result of bonds' issuance with specific details on convertible bonds	44	0	0
2. Amounts owed to credit institutions	45	1.199.600	999.200
3. Debt related to distribution activity	46	0	0
4. Amounts owed to affiliated companies	47	0	0
5. Amounts owed to affiliated companies and companies controlled in a Group	48	0	0
6. Other debt, including fiscal debt and amounts to be paid to social security	49	0	0
TOTAL (lines 44 to 49)	50	1.199.600	999.200
H. PROVISIONS			
1. Provisions for pensions and similar duties	51	0	0
2. Provisions for income taxes	52	0	0
3. Other provisions	53	0	0
TOTAL (lines 51 to 53)	54	0	0
I. REVENUES IN ADVANCE			
1. Subsidies	55	0	0
2. Revenues registered in advance	56	0	0
3. Negative commercial fund	57	0	0
TOTAL (lines 55 + 56 + 57)	58	0	0
J. CAPITAL NAD RESERVES			

TRANSILVANIA BROKER DE ASIGURARE S.A.
FINANCIAL STATEMENT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

I. CAPITAL (lines 60 + 61 + 62 + 63)	59	500.000	500.000
1. Paid subscribed capital	60	500.000	500.000
2. Unpaid subscribed capital	61	0	0
Categories similar to share capital	62	0	0
Categories similar to equity	63	0	0
II. CAPITAL PREMIUMS	64	0	0
III. RESERVES FROM RE-EVALUATION	65	0	0
IV. RESERVES (lines 67 + 68 + 69)	66	100.000	100.000
1. Legal reserves	67	100.000	100.000
2. Statutory or contractual reserves	68	0	0
3. Other reserves	69	0	0
Own shares	70	0	0
Earnings related to equity instruments	71	0	0
Loss related to equity instruments	72	0	0
V. PROFIT OR LOSS BALANCE C	73	34.399	792.926
REPORTED BALANCE D	74	0	0
VI. PROFIT OR LOSS BALANCE C	75	3.958.526	4.639.774
AT THE END OF FINANCIAL YEAR BALANCE D	76	0	0
Distribution of profits	77	0	0
EQUITY - TOTAL (lines 59 + 64 + 65 + 66 - 70 + 71 - 72 + 73 - 74 + 75 - 76 - 77)	78	4.592.925	6.032.700

The financial statements were endorsed on March 26th, 2020, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

PROFIT AND LOSS ACCOUNT
on December 31st, 2019

Indicator	No. ln	Results of financial year	
		previous 31.12.2018	curent 31.12.2019
1. Net turnover (lines 02+09+10-11+12)	01	62.121.897	70.544.204
1.1. Revenues from distribution activity (lines 03+08)	02	62.121.897	70.544.204
a) revenues from distribution of insurance and re-insurance contracts (lines 04+05+06+07)	03	62.121.897	70.544.204
a.1) consultancy services and proposal of insurance and re-insurance contracts	04	62.064.257	70.515.427
a.2) performance of preliminary actions for concluding contracts, negotiation with insurance and re-insurance companies for conclusion of contracts	05		0
a.3) assistance for management and execution of contracts, including claims for compensation	06		0
a.4) other actions related to distribution activities	07	57.640	28.777
b) revenues from distribution activities pertaining to pension products, investment products and products created by banking credit institutions, non-bank financial institutions, payment institutions or electronic currency institutions	08		0
1.2. Revenues from designing insurance products in joint approach with insurance companies	09		0
1.3. Revenues from organisation of professional training in insurance and re-insurance	10		0
1.4. Granted commercial discounts	11		0
1.5. Revenues from royalties and lease	12		0
2. Revenues from generating assets	13		0
3. Revenues from operating subsidies	14		0
4. Other operating revenues	15	22.924	81.471
wherefrom: revenues from negative commercial fund	16		0
5. Revenues from re-valuation of tangible assets	17		0
OPERATING REVENUES - TOTAL (lines 01+13+14+15+17)	18	62.144.821	70.625.675
6. a) Expenses with services supplied by third parties	19	2.183.280	2.006.669

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

wherefrom, expenses with collaborators	20		0
b) Expenses with consumable materials and inventory items	21	135.666	228.543
7. Commercial discounts received	22		0
8. Expenses with other taxes and assimilated duties	23	80.113	104.302
wherefrom, authorisation to function	24	62.120	70.550
9. Expenses with personnel (line 26+27)	25	2.327.041	2.542.601
a) Salaries and compensations	26	2.260.883	2.466.764
b) Expenses with social security and protection	27	66.158	75.837
10. Expenses with amounts to be paid to agents and auxiliary agents	28	51.905.798	60.045.230
11. Other operating expenses (lines 30 la 34)	29	207.386	182.446
11.1. Expenses with environment protection	30	0	0
11.2. Expenses with re-valuation of tangible assets	31	0	0
11.3. Expenses with disasters and other similar events	32	0	0
11.4. Expenses with compensations, donations and other ceded assets	33	118.955	178.466
11.5. Other operating expenses	34	88.431	3.980
12. Adjustment of values related to tangible and intangible assets (lines 36-37)	35	76.591	108.593
a) Expenses	36	76.591	108.593
b) Revenues	37	0	0
13. Adjustment of values related to current assets (lines 39-40)	38	569.039	0
a) Expenses	39	604.524	70.028
b) Revenues	40	35.485	70.028
14. Adjustment related to provisions (lines 42-43)	41	0	0
a) Expenses	42	0	0
b) revenues	43	0	0
OPERATING EXPENSES - TOTAL	44	57.484.914	65.218.384
(lines 19+21-22+23+25+28+29+35+38+41)			
OPERATING PROFITS OR LOSS			
Profit (lines 18-44)	45	4.659.907	5.407.291
Loss (lines 44-18)	46	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

15. Revenues from participating interests	47		0
wherefrom: earnings from affiliated companies	48		0
16. Revenues from interests	49	17.753	28.034
wherefrom: earnings from affiliated companies	50		0
17. Other financial revenues	51		0
wherefrom: revenues from other financial assets	52		0
FINANCIAL REVENUES - TOTAL (lines 47+49+51)	53	17.753	28.034
18. Adjustments related to financial assets (lines 55-56)	54	0	0
a) Expenses	55		0
b) Revenues	56		0
19. Expenses with interests	57		61.780
wherefrom: expenses related to affiliated companies	58		0
20. Other financial expenses	59		0
FINANCIAL EXPENSES - TOTAL (lines 54+57+59)	60	0	61.780
FINANCIAL PROFITS OR LOSS			
Profit (lines 53-60)	61	17.753	
Loss (lines 60-53)	62	0	33.746
CURRENT PROFITS OR LOSS			
Profit (lines 18+53-44-60)	63	4.677.660	5.373.545
Loss (lines 44+60-18-53)	64	0	0
TOTAL REVENUES (lines 18+53)	65	62.162.574	70.653.709
TOTAL EXPENSES (lines 44+60)	66	57.484.914	65.280.164
21. GROSS PROFIT OR LOSS			
Profit (lines 65-66)	67	4.677.660	5.373.545
Loss (lines 66-65)	68	0	0
22. Tax on profit	69	719.134	733.771
23. Other taxes that have not been included above	70	0	0
24. NET PROFIT OR LOSS OF FINANCIAL YEAR			
Profit (lines 65-66-69-70)	71	3.958.526	4.639.774
Loss (lines 66-65+69+70)	72	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

The financial statements were endorsed on March 26th, 2020, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
Mr. Dan Niculae
Signature _____

Prepared,
Mrs Oana Pârțiu Vasilichi
Head of Accounting Department
Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
STATEMENT OF CHANGES IN EQUITY
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)
2018

Indicator		Balance on January 1st,2018	Increase		Reduction		Balance on December 31st, 2018
			Total, wherefrom :	Through transfer	Total, wherefro m:	Through transfer	
Subscribed capital		500.000			0		500.000
Capital premiums		0	0		0		0
Reserves pertaining to re-valuation		0	0		0		0
Legal reserves		100.000	0	0	0		100.000
Reserves representing the additional resulted from reserves from re-valuation		0	0		0		0
Other reserves		0	0		0		0
Reported result representing retained earnings or not covered loss	Balance C	25.000	3.335.622	3.335.622	3.326.223		34.399
	Balance D	0					0
Reported result of correcting book keeping errors	Balance C	0					0

TRANSILVANIA BROKER DE ASIGURARE S.A.
STATEMENT OF CHANGES IN EQUITY
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)

	Balance D	726.223			726.223	726.223	0
Result of financial year	Balance C	3.405.622	3.958.526		3.405.622	3.405.622	3.958.526
	Balance D	0					0
Distribution of profit		70.000	0	0	70.000	70.000	0
Total equity		3.234.399	7.294.148		5.935.622		4.592.925

The financial statements were endorsed on March 26th, 2020, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
Mr. Dan Niculae

Signature _____

Prepared,
Mrs Oana Pârțiu Vasilichi

Head of Accounting Department

Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
STATEMENT OF CHANGES IN EQUITY
for the financial year ended December 31st, 2019
(all amounts are in lei ("RON"), if not otherwise specified)
2019

Indicator		Balance on January 1st, e 2019	Increase		Reduction		Balance on December 31st, 2019
			Total, wherefro m:	Through transfer	Total, wherefro m:	Through transfer	
Subscribed capital		500.000	0		0		500.000
Capital premiums		0	0		0		0
Reserves pertaining to re-valuation		0	0		0		0
Legal reserves		100.000	0		0		100.000
Reserves representing the additional resulted from reserves from re-valuation		0	0		0		0
Other reserves		0	0		0		0
Reported result representing retained earnings or not covered loss	Balance C	34.399	3.958.526	3.958.526	3.200.000		792.926
	Balance D	0					0
Reported result of correcting book keeping errors		0					0
	Balance C						

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	Balance D	0					0
	Balance C	3.958.526	4.639.774		3.958.526	3.958.526	4.639.774
Result of financial year	Balance D	0					0
Distribution of profit		0					0
Total equity		4.592.925	8.598.300	3.958..526	7.158.526	3.958.526	6.032.700

The financial statements were endorsed on March 26th, 2020, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
 Mr. Dan Niculae

Signature _____

Prepared,
 Mrs Oana Pârțiu Vasilichi

Head of Accounting Department

Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
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for the financial year ended December 31st, 2019
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Indicator	No ln	Results of the reporting period	
		previous 31.12.2018	current 31.12.2019
CASHFLOW FROM OPERATIONAL ACTIVITY			
1. Cash received from distribution activity	1	324.935.178	364.014.252
2. Cash paid pertaining to the distribution activity	2	316.650.639	353.077.092
3. Cash received from different debtors	3	2.219	0
4. Cash paid to suppliers and different creditors	4	2.106.844	1.986.955
5. Cash paid to and on behalf of employees	5	2.417.726	2.546.140
6. Payments pertaining to special funds in the distribution activity	6	58.701	69.738
7. Other cash payments afferent to operational activity	7	763.077	623.158
8. Cash paid as dividends transferred to shareholders	8	5.341.195	3.043.975
9. Cash paid as interests pertaining to the loan	9		61.781
10. Paid tax on profits	10	683.823	742.212
NET CASH GENERATED FROM (PAID IN) OPERATIONAL ACTIVITY (lines 01-02+03-04-05-06-07-08-09-10)	11	-3.084.608	1.863.202
CASHFLOWS OUT OF INVESTMENT ACTIVITY			
1. Cash paid for purchase of tangible and intangible assets	12	1.698.272	299.934
2. Cash received from sale of tangible and intangible assets	13	0	47.576
3. Cash paid for purchase of equity based financial instruments or of debt owed to other entities	14	0	0
4. Cash received from sale of equity based instruments or debt based instruments towards other entities	15	0	0
5. Cash paid for purchase of interests in joint ventures	16	0	0
6. Cash received from sale of interests in joint ventures	17	0	0
7. Cash paid in the form of loans granted to third parties	18	9.087	0
8. Cash received from reimbursement of loans granted to third parties	19	0	2.411
9. Cash received from dividends generated by equity based financial instruments	20	0	0

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10. Cash received from interests generated by debt instruments	21	0	0
11. Cash received from banking interests	22	17.753	28.034
NET CASH GENERATED FROM (USED IN) INVESTMENT ACTIVITY	23	-1.689.606	-221.912
(lines 13-12-14+15-16+17-18+19+20+21+22)			
CASHFLOWS RELATED TO FINANCING ACTIVITY			
1. Cash received from issue of shares or other equity based financial instruments	24	0	0
2. Cash paid to owners in order to redeem the company's shares	25	0	0
3. Cash received from issue of bonds, debt securities or other loans	26	1.400.000	0
4. Cash paid to reimburse borrowed amounts	27	0	200.400
5. Cash received from funds borrowed from shareholders	28	1.550	9.260
6. Cash paid for reimbursement of amounts borrowed from shareholders	29	1.550	9.260
7. Cash paid for financial lease contracts	30	0	0
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	31	1.400.000	-200.400
(lines 24-25+26-27+28-29-30)			
CASH AND CASH EQUIVALENTS ON JANUARY 1ST	32	7.265.864	3.891.649
NET INCREASE OR DECREASE OF CASH AND CASH EQUIVALENTS (lines 11+23+31)	33	-3.374.215	1.440.889
CASH AND CASH EQUIVALENTS ON DECEMBER 31ST (lines 32+33)	34	3.891.649	5.332.539

The financial statements were endorsed on March 26th, 2020, by the Board of Directors, in order to be approved in the General Assembly of Shareholders.

Chairman of Board of Directors,
Mr. Dan Niculae
Signature _____

Prepared,
Mrs Oana Pârțiu Vasilichi
Head of Accounting Department
Signature _____

1. GENERAL OVERVIEW

1.1 Description of the Company

TRANSILVANIA BROKER de ASIGURARE S.A. is a company operating in the insurance field, set up and registered in 2006. It runs its activities in compliance with provisions of Companies Law 31/1990 and the Insurance Distribution Law no. 236/ 2018. The company is licensed by the Financial Supervisory Authority to provide insurance brokerage in the field of commercial insurances under no. 114.420 of November 21st, 2006 and is enrolled in the Insurance Brokers' register under no. RBK-374. It observes all regulations issued by the Financial Supervisory Authority with respect to intermediation of commercial insurance. The Company has been public listed on Bucharest Stock Exchange as of November 2nd, 2017. Its registered office is in Bistrița, 13, Calea Moldovei street, postal code 420096, Bistrița-Năsăud County, has Trade Register no.: J06/674/2006 and Fiscal Code:19044296.

On December 31st, 2019, The Company operates in the following business offices:

- Sibiu, 10, Justitiei, street, Sibiu County;
- București 1st District, 59/A5/66, Buzesti street;
- Pitești, 3, Intrarea ROZELOR street, Arges County;
- Cluj-Napoca, 22/1, Sarmisegetuza, street, Cluj County.

Shareholders' structure on December 31st, 2019:

Name	No. shares	Nominal value(lei)	Ownership quota(%)
GABRIEL LOGIN	1,148,053	229,610.60	45.9221
DAN NICULAE	767,011	153,402.20	30.6804
Natural persons	432,923	86,584.60	17.3169
Legal persons	152,013	30,402.60	6.0805
TOTAL	2,500,000	500,000.00	100.0000

1.2. Corporate Governance

Members of Board of Directors for the period January 1st- December 31st, 2019:

- Dan NICULAE– Chairman;
- DanielaTasia DENES– Member;
- Gabriel Alexandru TUICA– Member.

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Management team on December 31st, 2019:

- Dan NICULAE– General Manager;
 - Ioan COTIAC– Executive Director;
 - Camelia-Mariana LOGIN– Head of Financial- Accounting Department;
 - Oana PARTIU VASILICHI– Head of Accounting Department.

The executive management have competencies and responsibilities in compliance with their job descriptions. They are all employed for undetermined period.

Neither the members of the Board of Directors nor of the Executive Management team have been involved in litigations or administrative legal proceedings related to their activity for the Issuer.

2. ACCOUNTING POLICIES

The Company prepares its financial statements in compliance with Accounting Law 82/1992, republished with further amendments and with ASF Norm no. 36/ 2015 regarding approval of Accounting regulations related to annual individual financial statements and annual consolidated financial statements applicable to insurance and/ or re-insurance brokerage companies, with further amendments ("ASF Norm 36/ 2015"). The management of the Company acknowledges, expressly and unreservedly, the compliance of the annual individual financial statements with ASF Norm 36/ 2015.

The annual individual financial statements were endorsed by the Board of Directors in their meeting on March 26th, 2020.

The main accounting policies applied when preparing financial statements are described below. They have been applied in a consistent manner for the reported years, except for cases when it is otherwise mentioned.

2.1. Basis for valuation

The annual individual financial statements are prepared on the basis of historical cost convention, except for the cases when it is otherwise mentioned.

2.2. Currency

Book keeping is made in Romanian and the national currency („RON” or „LEI”). These financial statements are presented in Romanian LEI.

2.3. Accounting valuations and estimates

Preparing the financial statements in accordance with "ASF Norm 36/2015" involves the management of the Company doing certain estimates that influence the reported values for assets and liabilities, as well as of values of income and expense pertaining to the reported period. The real results may be different from the estimated ones. The estimates are reviewed on a periodic basis.

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Examples of valuation, estimates, assumptions applied by the Company are described below:

(a) Adjusting entries for depreciation of accounts receivables

Assessment for depreciation of accounts receivables is individually made and stays on the best estimate of the management regarding the current value of cashflows to be received. In order to estimate these cashflows, the management make certain estimates with regards to the financial position of partners.

(b) Legal procedures

The Company makes revision of unsolved legal proceedings, by watching on evolution in Court and current situation on each reporting date, in order to estimate provisions and grounding in the financial statements accordingly. Among aspects that are taken into account in the decision making process for provisioning we mention: litigation type or claims for potential compensation levels, the progress of trial (including progress after financial statements' report date, but before the statements are issued).

(c) Taxes

Fiscal system in Romania is undergoing a period of consolidation and harmonisation with the European legislation. Yet, there still are different interpretations for fiscal legislation. There are cases when Fiscal Authorities may treat certain aspects in a different manner and consequently impose additional taxes, as well as corresponding delay penalties. The management of the Company considers tax obligations included in the financial statements to be adequate.

2.4. Significant general financial reporting principles

The financial statement for financial year ended December 31st, 2019, were prepared in compliance with the following general financial reporting principles:

Principle of business continuity

These financial statements were prepared on the basis of business continuity principle, which states that the Company shall continue its activity in a normal manner for the predictable future and shall not enter into incapacity or significant reduction of activity. In order to assess the applicable level of this assumption, the management analyse the predictions related to future cashflows, especially in the current context caused by the evolution of pandemic COVID-19. Consequently, the management consider that the Company shall be able to continue its activities in the predictable future and so, applying the business continuity principle in preparing financial statements is well grounded.

On December 31st, 2019 the Company registered **net profits** in the amount of **4,649,774 lei**, with **net current assets** in the amount of **4,991,384 lei**.

Principle of the Permanence of Methods

The Company applies the same rules, methods and methodology with regards to accounting registration and presentation of elements of assets, liabilities, equity, allowing for comparison in time of information published by the Company.

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Principle of Prudence

While preparing the financial statements the following were taken into account:

- all adjustments generated by depreciation of assets' valuation;
- only profits achieved at the date of the financial statements were recorded;
- liabilities occurring in the current or previous financial year were recorded, though they took shape between the statement date and the date of its preparing.

Principle of accounting commitments

The effects of transactions and other events are admitted only when these occur (and not along with payment or in-cashing of corresponding cash or cash equivalents) and are recorded in book keeping and reported in the financial statements of the reported periods. The income and expenses pertaining directly and at the same time to a certain transaction are simultaneously recorded in book keeping by direct association of expenses to the corresponding revenues and distinctive highlight of these income and expenses.

Principle of intangibility

The opening balance sheet of current financial year corresponds to the closing balance of previous financial year.

Principle of separate valuation of assets and liabilities

Separate determination of each asset and liability was made in order to have a corresponding total value of a category in the financial statement.

Principle of no offsetting

The values of assets and liabilities/ equity were not set off to each other, neither setting off income to expenses were made.

Principle of valuation at purchase or production cost

All titles presented in the financial statements are approached on the principle of historical cost.

Principle of significance threshold

The titles that have a significant value are approached distinctively in the financial statements.

The book-keeping and presentation of titles in the financial position and the profit and loss account considering the economic context of transaction of commitment

The economic and financial events and operations were recorded in book keeping as they occurred, on the basis of grounding documents. When disparities are found between the economic context of a transaction and its legal form, the Company registers the

TRANSILVANIA BROKER DE ASIGURARE S.A.
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transaction in its accounting system by compliance to the economic context correspondingly.

5. Currency exchange

Transactions in foreign currency are correspondingly changed into LEI at the exchange rate at the date of transaction.

The LEU/EUR exchange rates on December 31st, 2018 and December 31st, 2019 were:

Currency	December 31st, 2018	December 31st, 2019
LEU/EUR	4.6639	4.7793

6. Intangible assets

The tangible assets that comply with the admittance provisions contained by ASF Norm 36/2015 are considered by cost minus accrued amortisation.

The costs pertaining to purchase of computer technology softwares are capitalised and amortised on the basis of linear method of useful lifespan.

Concessions, patents, licenses, commercial trademarks, titles and similar assets are recorded at purchase costs.

Licenses and other intangible assets are following linear amortisation method for an estimated 3-year period.

7. Tangible assets

Cost / Valuation

The tangible assets acknowledged as assets are initially valued by the Company at purchase cost, and thereafter valuation is made at cost minus accrued amortisation and loss resulted from accrued depreciation. The cost of a tangible asset title is formed of: purchase cost, including non reimbursable taxes and any other expenses directly corresponding to getting the asset to the location and its placement into the necessary conditions to be operational and functional, such as delivery and handling costs, packing and mounting, professional fees, after deductions of any commercial discounts.

The expenses with maintenance and repairing works on tangible assets are recorded by the Company in the profit and loss account the moment they occur; as for the significant improvements made to the tangible assets which increase their value or extend their useful lifespan or significantly increase the capacity to generate economic benefits by the Company, they are capitalised.

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The tangible assets that are undergoing execution workings shall be approached as tangible assets after reception, putting into use or commissioning, as it is the case.

Amortisation

Amortisation is calculated for the amortisable value, which is the costs of the asset or a different value that replaces the cost. Amortisation is recorded in the profit and loss account by using the linear amortisation method for the estimated useful lifespan for each component of a tangible asset. The useful lifespan periods for reporting period are:

- Improvements made to land: 10 years;
- Building (workings): 40 years;
- Technical appliances (installations): 3 - 6 years;
- Transportation means: 5 years;
- Furniture and office equipment: 3 - 5 years.

The amortisation periods followed in accounting are not different to those used for fiscal reasons.

Tangible assets used in conditions of financial lease contracts or purchased in instalments payment

On December 31st, 2019, the Company does not have any tangible assets as a result of financial lease agreements or instalments' purchase.

De-recognition

The tangible assets that have been disposed or scrapped are removed from the Financial statement together with the accrued corresponding amortisation value.

Any gain or loss out of disposal of a tangible asset is determined by comparing income resulted from disposal to the accounting value and are recorded/ recognised for the net value in the profit or loss of the period.

8. Financial assets

Financial assets are initially registered at the purchase cost or the value determined through their purchase agreement. Thereafter they are recorded at the purchase entry value minus accrued adjustments for any value loss event.

9. Depreciation of intangible assets

The accounting value of the Company' s assets, other than inventories, is analysed at the date of each reporting financial statement in order to find if there are any decreases. If such a decrease is probable, the recoverable value of the corresponding asset is estimated. Correction of values of intangible and tangible assets and their aligning to the inventory value is made, depending on the type of depreciation, either by way of recording an additional amortisation, in case of irreversible depreciation, or by way of recording or extension of adjustments for depreciation, in case of reversible depreciation.

Resuming depreciation adjustments

The loss resulting from an investment made by the Company in financial instruments or from a receivable account is reconsidered when subsequent increase of the recoverable value may be linked to a certain event that occurred after the loss due to depreciation was recorded.

In case of other assets, an adjustment on depreciation grounds is reconsidered if a change occurred in the estimates made in determining the recoverable value.

10. Commercial receivables

Commercial receivables are recognised and recorded at their initial amount to be received minus the adjustments on depreciation grounds for the amounts not to be collected any-longer. The adjustments for depreciation are made when there are proofs pointing at the fact that the Company will not be able to in-cash the receivables at the due date initially agreed on. The receivables that are not collectable are recorded as expenses when they are identified as such.

11. Cash and cash equivalents

Cash available is formed of cash and accounts balance with banks. In the cashflow statements the cash and cash equivalents consist of cash and bank accounts' balance.

12. Financial debt (liabilities)

Commercial obligations are recorded at the cost value, which represents the value of contractual obligation to be paid in the future for goods and services received, irrespective of having been invoiced or not to the Company. For the liabilities in lei whose deduction is made depending on a certain currency exchange rate, potential positive or negative difference resulting from their valuation is recorded as income or expenses, as the case.

13. Provisions

Provisions are recognised when the Company has a current obligation (legal or by implied consent) generated by a previous event, it is probable that resources might be disposed of in order to honour the obligation and the expense may be reasonably estimated. The value of a provision represents the best estimate of probable expenses or, in case of an obligation, of the amount necessary to discharge it.

14. Share capital

The share registered capital, consisting of common shares, is registered at the value settled on the basis of articles of incorporation. The Company recognises any changes to the share capital only after their approval by the General Assembly of Shareholders.

15. Legal reserves

Legal reserves are made at the amount of 5% of the gross profits recorded at the end of financial year, until all reserves reach 20% of paid share capital, in compliance with legal provisions in force. On December 31st, 2019 the Company has registered a legal reserve at the level provided for by the legal provisions, 20% of the share capital respectively.

16. Dividends

Dividends are recognised in the period in which their distribution is approved for. Dividends' distribution is made after approval of financial statements.

17. Reported result

The accounting loss reported is covered by the profits of current financial year, after the approval of annual financial statements, according to the law.

Registration of profits' distribution in the accounting system is made in the year subsequent to the General Assembly of Shareholders approving the profits' distribution by recording dividends granted to shareholders, reserves and any other destinations, as per the law. One cannot change registrations made pertaining to profits' distribution.

18. Financial instruments

The financial instruments used by the Company mainly consist of cash, accounts receivable, debt. They are assessed in compliance with accounting policies above mentioned under Note 2.

19. Recognition of revenues (income)

Operating revenues

Revenues consist of amounts or values that have been received and those to be received both as a result of current activities and as earnings from any other sources.

The operating revenues of the Company comprise income from distribution activity and other operating revenues.

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The turnover is formed of revenues from consultancy services and proposal of insurance and/or re-insurance contracts and revenues from other errands related to the distribution activity.

The revenues of the Company are registered along with provision of services, on the basis of the invoice or, occasionally, in the basis of the provisions contained by the Contracts signed by the Company.

Revenues from sale of goods

Revenues from sale of goods are registered the moment the goods are delivered to the buyers on the basis of invoices or other provisions contained in the contracts and confirming the transfer of ownership rights to the Clients.

Revenues from royalties, lease and interests

They are recognised/ recorded as per the following:

- interests are recognised periodically, by share quota of the income correspondingly generated, on the basis of accounting principle pertaining to commitments;
- royalties and lease are recognised on the basis of accounting principle pertaining to commitments, according to the contract.

20. Taxes

The Company registers tax on current profit, in compliance with the legislation in Romania in force in this respect at the date of financial statements. The debt pertaining to taxes is registered in the period it refers to.

21. Accounting errors

The errors found in book keeping may refer either to the current financial year or to the previous ones. Correction is made at the date of findings, in the profit and loss accounts. Correction of significant errors in previous financial years is made on the basis of reported result.

3. RISK MANAGEMENT

Interest rate risk

The Company is exposed to the interest rate risk due to the long term loan contracted in 2019 on a variable interest rate. The risk is partially compensated by means of "overnight" deposits also on variable interest rate.

Currency risk

The Company is not exposed to this risk as its activities are performed on the domestic market; on reporting date the Company does not have any balance in a different currency than RON.

Credit risk

The Company deploys commercial relations only with well known third parties, which grounds for the credit client financing. Account receivables are monitored on a permanent basis, hence the exposure of the Company to the risk of receivables that cannot be in-cashed is very low.

4. INTANGIBLE ASSETS

GROSS VALUE / Assets categories	Initial balance January 1st, 2019	Increase	Reduction		Final balance December 31st, 2019
			Total	wherefro m: scrapping	
Licenses and other intangible assets	72.733	2.879			75.612
TOTAL	72.733	2.879	0	0	75.612

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AMORTISATION / Assets categories	Initial balance January 1st, 2019	Amortisation during the year	Amortisation of assets that were removed	Final balance December 31st, 2019
Licenses and other intangible assets	54.688	12.288		66.976
TOTAL	54.688	12.288	0	66.976

Accounting value	18.045			8.636
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Within 2019 the accounting value of elements of intangible assets' type (licenses and information technology softwares) decreased by 52% mainly as a result of amortisation afferent to 2019. The total value of purchase of intangible assets in 2019 was of 2,879 lei. The amortisation afferent to intangible assets was recognised by the Company at a level of 12,288 lei in 2019.

5. TANGIBLE ASSETS

GROSS VALUE / Assets categories	Initial balance January 1st, 2019	Increase	Reduction		Final balance December 31st, 2019
			Total	wherefrom: dismemberment and scrapping	
Land and buildings	1.698.272	211.739	0	0	1.910.011
Technical appliances and machines	950.010	83.123	250.453	0	782.680
Other appliances, equipment and furniture	85.357	5.073	0	0	90.430
Advance and under process tangible assets	0	0	0	0	0
TOTAL	2.733.639	299.935	250.453	0	2.783.121

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AMORTISATION / Assets categories	Initial balance January 1st, 2019	Amortisation during the year	Amortisation of assets that were removed	Final balance Decembe r 31st, 2019
Land improvement workings	0	1.287		1.287
Buildings	0	37.765	0	37.765
Technical appliances and machines	855.575	45.036	250.453	650.158
Other appliances, equipment and furniture	61.984	12.217	0	74.201
TOTAL	917.559	96.305	250.453	763.411
Accounting value	1.816.080			2.019.710

Within 2019 the tangible assets in the form of land and buildings increased by 10%, as a result of investment in improvement workings on land and buildings in the amount of 211,739 lei; the investment in equipment, technical appliances and furniture in 2019 was of 88,196 lei. Also, in 2019 transportation means fully amortised were sold in an amount of 250,453 lei- the earning from disposal of assets was of 47,576 lei.

The Company recognised as amortisation afferent to tangible assets the amount of 96,305 lei.

On December 31st, 2019 the Company did not have any adjustment with regards to depreciation of tangible assets.

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6. FINANCIAL ASSETS

The financial assets contained in the financial statement refer to guarantees that were paid for the lease contracts for business offices, as well as for contracts signed with utilities providers accordingly.

GROSS VALUE	Initial balance January 1st, 2019	Increase	Reduction	Final balance December 31st, 2019
Guarantees and current receivables	22.662	2.615	13.107	12.170
TOTAL	22.662	2.615	13.107	12.170

ADJUSTMENT FOR DEPRECIATION	Initial balance January 1st, 2019	Increase	Reduction	Final balance December 31st, 2019
Guarantees and current receivables	0	0	0	0
TOTAL	0	0	0	0

Valoare contabila	22.662			12.170
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7. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

Receivables categories	No · lin e	Balance on January 1st, 2019	Balance on Decembe r 31st, 2019	Liquidity term		
				Under 1 year	1 - 5 years	Over 5 years
0	1	2	3 = 4 + 5 + 6	4	5	6
TOTAL RECEIVABLES (line 1 to 8 - ln. 9+ln.10+ln.11), wherefrom:		4.134.391	4.567.039	4.554.869	12.170	0
Receivables related to distribution activity	1	836.446	920.990	920.990		0
Receivables from affiliated companies	2	0	0	0		0
Advance payments for services provision	3	574.500	1.083.200	1.083.200		0
Advance payments to personnel and corresponding receivables	4	0	0	0		0
Receivables in relation with State Budget	5	0	0	0		0
Receivables in relation with social insurance budget	6	81.507	97.286	97.286		0
Receivables related to unpaid subscribed share capital	7	0	0	0		0
Receivables in relation to different debtors	8	2.750.284	2.514.373	2.514.373		0
Adjustments for depreciation of receivables from different debtors	9	-131.007	-60.980	-60.980		0
Deductions from operations under progress to be clarified	10	0	0	0		0
Receivables (guarantees)	11	22.662	12.170	0	12.170	0

Receivables related to distribution activity are not interest bearing and generally have a payment term of under 30 days.

Bad debt is separately registered in book keeping. When it is estimated that an account receivable is not to be fully in-cashed, adjustment for value loss is registered in book keeping in the amount that cannot be recovered.

Receivables in the form of advance payments for services provision in the amount of 1,083,200 lei represent amounts paid in advance to certain distribution agents, which compensate with the amounts owed to them for the intermediated policies.

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Receivables in relation with different debtors mainly refer to amounts that are to be paid to the Company by the agents in the distribution activity in the month of January 2020, namely 2,514,373 lei. Out of this, 102,614 lei represent receivables from other debtors and part of this are sent to the Court for recovery. The company make estimates regarding the risk to not recover the receivables registered as of December 31st, 2019 and so adjustments for value depreciation of receivables in relation with other debtors are made in the amount of 60,980 lei.

Adjustments for depreciation of receivables	31 December 2018	31 December 2019
Beginning of reported period	35.485	131.007
Accrued during the year	131.007	0
Removed during the year	35.485	70.027
End of period reported	131.007	60.98 0

8. CASH AND CASH EQUIVALENTS

Indicator	31 December 2018	31 December 2019
Current balance with bank accounts (lei)	1.422.535	2.501.336
Deposit balance with bank accounts (lei)	2.465.302	2.830.493
Cash in the Company' treasury (lei)	3.812	711
Other titles(lei)	0	0
Cash advance payments (lei)	0	0
TOTAL	3.891.649	5.332.539

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9. COMMERCIAL DEBT AND OTHER DEBT

Debt category	No. line	Balance on January 1st, 2019	Balance on December 31st, 2019	Reimbursement term		
				Under 1 year	1 - 5 years	Over 5 years
0	1	2	3 = 4 + 5+ 6	4	5	6
TOTAL DEBT (ln.1 to 15), wherefrom:		5.278.357	5.904.327	4.905.127	801.600	197.600
Loan out of bonds issue	1	0	0	0	0	0
Amounts owed to credit institutions	2	1.400.000	1.199.600	200.400	801.600	197.600
Debt related to distribution activity	3	3.315.470	4.116.732	4.116.732	0	0
Debt to affiliated companies	4		0	0	0	0
Debt related to lease contracts	5	0	0	0	0	0
Debt to suppliers and creditors	6	19.213	25.148	25.148	0	0
Debt to personnel	7	129.560	176.815	176.815	0	0
Debt to agents and auxiliary agents	8	56.117	31.989	31.989	0	0
Debt to social insurance budget	9	105.402	75.555	75.555	0	0
Debt to State Budget	10	227.756	213.887	213.887	0	0
Debt to special funds in the distribution activity	11	17.068	17.880	17.880	0	0
Debt related to other taxes and afferent releases	12	0	0	0	0	0
Debt related to amounts to be reimbursed to shareholders	13	0	0	0	0	0
Debt for dividends shareholders are entitled to	14	5.092	1.610	1.610	0	0
Deductions from operations under process to get clarified	15	2.679	45.111	45.111	0	0

The liabilities of the Company on December 31st, 2019 mainly refer to debt towards insurance companies and were paid in January 2020: 4,116,732 lei (3,315,470 lei in 2018). The liabilities towards financial-banking institutions are represented by the long term loan in the amount of 1,400,000 lei, taken by the Company in 2018, wherefrom 1,199,600 is to be reimbursed by end of 2019. The loan has equal reimbursement instalments for a period of 84 months and final maturity date on December 1st, 2025. The interest rate is

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set according to 6m ROBOR and the margin applied by the bank. This loan was contracted in order to finance a building (current headquarters of the Company) and 2 land parcels, in a total amount of 1,698,272 lei. The following guarantees were settled by the Company for this loan: pledge over accounts opened with the bank; pledge over the building and the 2 land lots.

Debt to State budget consists of taxes owed and refers to amounts that were duly paid. Debt to personnel and social insurance budget are presented correspondingly to their destination.

Deductions from operations under process to be clarified are in the amount of 45,111 lei on December 31st, 2019 and are generated by wrong in-cashing in the Company's accounts due to defaults in the banking system; the amounts were clarified until the annual financial statement was prepared.

10. PROVISIONS

The Company did not consider necessary to make any provisions for 2019.

11. SHARE CAPITAL

Indicator	31 December 2018	31 December 2019
Paid subscribed share capital (lei)	500.000	500.000
Number of ordinary shares	2.500.000	2.500.000
Nominal value (lei/share)	0,20	0,20

12. RESERVES

Reserves	31 December 2018	31 December 2019
Legal reserves	100.000	100.000

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13. DISTRIBUTION OF PROFITS

Indicator	Financial year ended on December 31st, 2018	Financial year ended on December 31st, 2019
Net profit to be distributed	3.958.526	4.639.774
Legal reserve	0	0
Other reserves	0	0
Compensation for reported loss	0	0
Dividends to be paid	3.200.000	3.800.000
Profit that is not distributed	758.526	839.774

The Board of Directors shall present their opinion regarding destinations for the profits to be distributed. The profit that is not distributed, in the amount of 839,774 lei, shall be transferred into the reported result and shall be the subject of the Resolution of General Shareholders' Assembly. All registrations in the book keeping with regards to destinations of accounting profits shall be made after the GSA's Resolution.

14. NET TURNOVER

Type of revenues	31 December 2018	31 December 2019
Revenues from distribution activity, wherefrom:	62.121.897	70.544.204
Consultancy and proposal of insurance and/ or re-insurance contracts	62.064.257	70.515.427
Other distribution related activities	57.640	28.777
Design of insurance products together with insurance companies	0	0
Organisation of training courses in insurance and re-insurance fields	0	0
Commercial deductions granted	0	0
Royalties, lease and rents	0	0

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15. EXPENSES WITH PERSONNEL

a) Salaries and corresponding taxes, other expenses related to employees

Indicator	On December 31st, 2018	On December 31st, 2019
Expenses with personnel salaries	2.199.224	2.406.779
Expenses with meal vouchers granted to employees	61.660	59.985
Expenses with social insurance and security	16.068	22.226
Insurance contribution for employees	50.090	53.611
Expenses with training of employees	1.857	1.109
TOTAL, wherefrom:	2.328.899	2.543.710
Expenses with personnel in executive management	235.238	302.152

b) Board of Directors:

Name	Position	Gross payments during 2019
NICULAE DAN	Chairman	169.332
TUICA GABRIEL ALEXANDRU	Member	12.820
DENES DANIELA TASIA	Independent member	120.000
TOTAL		302.152

c)

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16. ANALYSIS OF OTHER EXPENSES AND OF OPERATING RESULT

a) OPERATING RESULT

Indicator	Financial year ended on December 31st, 2018	Financial year ended on December 31st, 2019
1. Net turnover	62.121.897	70.544.204
2. Costs of goods sold and services performed (3+4)	54.432.482	62.888.033
3. Expenses related to main activity	54.296.816	62.659.490
4. Expenses related to auxiliary activities	135.666	228.543
5. Gross result afferent to net turnover (1-2)	7.689.415	7.656.171
6. Selling costs	2.042.361	1.306.387
7. General administrative expenses	1.045.555	1.023.964
8. Other operating revenues	58.409	81.471
9. Operating result(5-6-7+8)	4.659.907	5.407.291

b) OTHER OPERATING EXPENSES

Indicators	Year 2018	Year 2019
Expenses with energy and water	36.514	44.175
Expenses with maintenance and repairing workings	10.584	182.409
Expenses with royalties, lease and rents	213.988	157.291
Expenses with insurance premiums	71.896	83.724
Expenses with personnel's training	1.857	1.109
Expenses with third parties collaborators	0	0
Expenses with fees and commissions	25.366	0
Expenses with protocol, promotion and advertising	389.862	526.465
Expenses with transportation of goods and personnel	2.009	2.100

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Expenses with travel and transfers	14.125	16.686
Expenses with post and telecommunication	172.800	181.060
Expenses with banking services and related	106.796	120.540
Other expenses with services provided by third parties	1.137.482	691.108
TOTAL	2.183.280	2.006.669

c)

17. TAX ON PROFIT

Indicator	Year 2018	Year 2019
1. Accounting profit or loss	4.677.660	5.373.545
2. Items similar to income	0	
3. Legal reserve	0	
4. Income that is not taxable	0	70.028
5. Expenses that are not deductible	931.455	426.032
6. Difference in amortisation that is not fiscally deductible	9.118	3.039
7. Taxable profit / Fiscal loss for the reporting year (ln. 1+2-3-4+5+6)	5.618.233	5.732.588
8. Fiscal loss from previous years	0	0
9. taxable profit / Fiscal loss to be recovered in the next years(ln. 7-8)	5.618.233	5.732.588
10. Tax on current profit (ln. 9*16%)	898.917	917.214
11. Tax on the reinvested profit	0	0
12. Owed tax on profit (ln. 10-11)	898.917	917.214
13. Tax on profit owed for Q I + II + III	510.061	533.139
14. Expenses with sponsorships	179.783	183.443
15. Tax on profit owed at the end of reported period (ln. 12-13-14)	209.073	200.632

18. MISCELLANEOUS

Insight on relations with affiliated companies and other related parties

The Company does not own shares in other entities.

Subsequent events

The events that occur, favourably or not, between the date of the financial statements and the date the latter are approved to be published, are defined as subsequent events.

In the current context of recent evolutions associated with the pandemic COVID-19 conditions, the management of the Company and those in charge with Corporate Governance assessed the estimated impact on the operational performance within 2020. Their assessment grounded the projected revenue and expenditure budget for the current year, which shall be submitted for approval by the GSA. According to these estimates, the management of the Company expects a significant reduction of revenues from distribution activities within 2nd Q of current year. Nonetheless, there is no estimation of significant adjustment to the profitability indicator, as other expenses categories were reduced, such as marketing or third parties services, as a counteract measure in the expected reduction of operating income.

The estimated impact of negative economic consequences of the pandemic COVID-19 does not influence the capacity of the Company to grand dividends, in accordance with the policy in this respect.

Expenses with rents and leases

The Company does not have financial lease contracts under progress.

The expenses with rents are in the amount of 157,291 lei, -56,707 lower than 2018, due to the purchase of a building by the Company end of 2018 and so removal of the expense with rent for the registered office. The expenses with rents refer to the business offices of the Company.

Contingencies

Taxes

All amounts owed to the State for taxes were paid and correspondingly recorded at the date of the financial statement. The fiscal procedure in Romania is undergoing a consolidation period and there might be the case that different interpretation of same events occur on the Fiscal Authorities' side. This might incur into additional taxes and penalties.

When the State finds violations of the legal provisions in force in Romania, any of the following might be performed: confiscation of amounts correspondingly, imposition of additional fiscal duties, fines, delay penalties (calculated to the amounts remained to be paid). Hence, fiscal sanctions resulted from violations of legal provisions may reach significant amounts to be paid to the State.

The Company considers that all taxes, penalties and interests have been paid in due time and in full.

The fiscal year in Romania stays open for review for 5 years.

Legal claims (contingencies)

The management of the Company considers that the litigations that are open at the date of the financial statements shall not have a major impact on the Company' operations and financial position.

Yet, it is necessary to mention as contingency- the amount of 2,117,883 lei and interests accordingly (not estimated), claimed by Asirom Vienna Insurance Group S.A.

Transilvania Broker de Asigurare S.A. won in first instance at Bistrita Nasaud Court, the appeal endorsed by Asirom Vienna Insurance Group S.A. was rejected in 2019 and the latter filed for a new appeal to the High Court of Justice and Cassation.

Environment

The Company is not aware of any potential negative impact of its activities on the environment which should be measured. The result of such potential effects is doubtful and the management of the Company does not consider necessary to make provisions for such potential expenses related to the environment.

Commitments- Guarantees granted to third parties

The Company offered the following guarantees for the long term loan contracted from the bank:

- Pledge on the Company's accounts opened with the bank;
 - Pledge on real estate: 100- sqm land, cadastral number 8452, as per Real Estate Register Extract 61938 with Bistrita Cadaster Office;
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- Pledge on real estate: 500- sqm land, cadastral number 56884 and the building under cadaster no. 56884-C1, as per Real Estate Register Extract 56884 with Bistrita Cadaster Office;

The financial statements were endorsed by the Board of Directors on March 26th, 2020, in order to be approved by the General Assembly of Shareholders.

Chairman of Board of Directors,
Mr. Dan Niculae

Signature _____

Prepared,
Mrs Oana Pârțiu Vasilichi

Head of Accounting Department

Signature _____

STATEMENT,

In accordance with art.30 of the Accounting Law no. 82/1991

The annual financial statements were prepared on 31.12.2019 for:

Entity : Transilvania Broker de Asigurare S.A.

County : Bistrita-Nasaud

Adress : Bistrita, Calea Moldovei Street, no.13

Property form : 34 - joint stock company

Trade register number : J06/674/2006

Main activity (CAEN code and name): 6622- Activities of insurance agents and brokers

Fiscal identification code : 19044296

The undersigned Partiu-Vasilichi Oana Ancuta, assumes the responsibility for the preparation of the annual financial statements on 31.12.2019 and confirms that:

- a) The accounting policies used in preparing the annual statements are in accordance with the applicable accounting regulations ;
- b) The annual financial statements provide a true and fair view of the financial position, financial performance and other information relating to the business.;
- c) The legal person carries out its activity in conditions of continuity

Signature,
Mrs. Partiu-Vasilichi Oana Ancuta
Head of Accounting Department

INDEPENDENT AUDITOR'S REPORT

To the shareholders of **TRANSILVANIA BROKER DE ASIGURARE S.A.**

Bistrita, Bistrita-Nasaud County

Report on auditing the annual individual financial statements

Opinion

- We audited the enclosed individual financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. ("the Company"), namely: Financial Statement on December 31st, 2019, Profit and Loss Account, Statement of Changed in Equity and Cashflow statement pertaining to financial year ended December 31st, 2019 as well as a summary of the significant accounting policies and other notes to the financial statements.

- The annual individual financial statements on December 31st, 2019 show:
 - Net assets/Total equity: 6,032,700 lei
 - Net profits of the financial year: 4,639,774 lei

- We consider that the annual individual financial statements enclosed offer an "as it is" image of the financial position of the Company on December 31st, 2019, as well as of its financial performance and cashflows for the financial year ended, in compliance with the accounting regulations in force, namely the ASF Norm 36/2015 for the approval of accounting regulations regarding annual individual financial statements and annual consolidated financial statements applicable to insurance and/or re-insurance brokerage companies ("ASF Norm 36/2015").

Grounds for the opinion

We performed our audit proceedings in accordance with the International Standards on Auditing (ISA"), EU Regulation no. 537 of European Parliament and the Council (the "Regulation") and Law 162/2017 (the "Law"). Our responsibilities on the basis of these

standards are described in details under section “The auditor’s responsibilities in an audit on financial statements” of our report. We are independent with no connection to the Company, according to the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA Code”). We believe the audit proofs we have obtained are sufficient and adequate to supply us with a basis for our opinion.

Main audit aspects

- The key audit aspects are those aspects which, on the basis of our professional reasoning, had the most important relevance for the audit on the financial statements of current period. These aspects were approached in the context of auditing the financial statement overall and we do not offer a separate opinion related to these aspects.

- **Assessment of accounts receivables**

According to the accounting regulations in force, the management of the Company makes estimates with regards to the receivables on the reporting date and acknowledges on the value expected to be cash in correspondingly. As per article 7 of the Notes to financial statements “Commercial receivables and other receivables”, there are receivables to be obtained from various debtors, part of whom are outstanding. Collection of these receivables and assessment of adjustment necessary for depreciation were an aspect we analysed.

Our feedback to the risks of significant distortion related to assessment of these receivables on reporting date got reflected into audit procedures that aimed at, among others:

- assessment of conformity level of the recognition policies for commercial revenues and receivables;
 - direct confirmation of commercial receivables’ balances;
 - checking in-cashing of receivables subsequent to end of year;
 - assessment of internal procedures and methods used by the management in making estimations on the probable value to be received by making reference to the age of receivables, litigations with clients or previous experience in the relationships with clients;
 - recalculation tests for adjustments for depreciation in the case of outstanding receivables;
 - receipt and assessment of the lawyers’ opinion and their approach with the management and the internal legal advisor on adjustments for receivables’ depreciation, where it was necessary.
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- **Litigations and disputes**

In carrying out its activities, the Company is exposed to potential loss as a result of administrative procedures or Court resolutions. As well mentioned under article 18 “Miscellaneous” in the Notes on financial statements, the Company is part of a series of litigations with business partners or third parties. Recognition of debts in the financial statements or their presentation as contingent debt in the explanatory noted to the financial statement inherently involve making professional reasoning and are based on a series of hypotheses, statement and assessments with significant impact.

The amounts referred to may be significant. Settlement of certain amounts in order to be recognised or presented as they are in the financial statements is a subjective process.

Our feedback pinpointed to good understanding of the risks of major distortion related to the assumptions the management of the Company make with regards to litigations and disputes. Our audit procedures aimed at, among others:

- receipt and assessment of the lawyers’ opinion and the latter’s approach together with the management and the internal legal advisor, with reference to the nature and progress of the litigation, as well as of potential exposures. We paid special attention to the litigation under progress with Asirom (action claim for the amount of 2,117,832 lei as compensation and interests), as it is mentioned under page 32 in the notes to financial statements on December 31st, 2019;
- critical assessment of hypotheses and estimates of the Company related to litigations and disputes, debts or provisions that are recognised and the contingent debts presented in the financial statements;
- assessment of the degree in which the insight in the notes on the individual financial statements regarding litigations and disputes adequately present potential debt of the Company.

Highlight on certain aspects- economic consequences associated to the COVID-19 pandemic situation

- We point to Note 18 “Miscellaneous”, “Subsequent events” on the annual financial statements on December 31st, 2019 which presents the assessment made by the management of the Company and the people in charge with corporate governance
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on the estimated economic impact of the pandemic COVID-19 situation on national and international level: they appreciate that there is no significant impact on the financial position and performance of the Company in a predictable 12-month period from the statement's date and embrace a prudent approach in forecasting the budget for the current year. Yet, the excessive volatility of worldwide financial markets beginning of year 2020 confirms the investors' concern with regards to future negative economic consequences and spreads a doubtful light on the perspectives the national industry has for evolution. Moreover, there are credible opinions according to which the global economic context shall most probably enter a recession scenario on the accounts of reduction of liquidity sources, tougher financing conditions and a simultaneous shock on the petrol market. Our opinion is not changed regarding these aspects.

Other aspects

- This report is exclusively addressed to the shareholders of the Company. Our audit was executed in order to be able to report to the shareholders of the Company on those aspects that must be reported on in a financial audit and not to any other respects. According to the law, we do not accept and do not take responsibility but to the Company and its shareholders for our audit, this report and our opinion.
- The enclosed financial statement are not meant to present the financial position and operations' result in accordance with accounting regulations and principles accepted by countries or jurisdictions other than Romania. hence, the enclosed financial statements are not drawn out for the use of people that are not aware of the accounting and legal regulations in force in Romania, ASF Norm 36/2015 included.
- This report was issued under the context of the Company's shares being admitted for transaction on the Bucharest Stock Exchange.

Other information items – The Report of the Board of Directors

- The administrators members of the Board of Directors are responsible with drawing up and presenting other information items. These comprise the report of the Board of Directors but do not include the financial statements and the auditor's report related to the financial statements. The administrators are responsible with preparing and presenting their report in accordance with provisions 427- 429 of
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ASF Norm 36/2015 and for the internal control proceedings that they deem necessary in order to get a report of the Board of Directors that would not have significant distortions as a result of fraud or error.

Our opinion on the financial statements does not include these pieces of information and, except for cases when it is otherwise expressly mentioned in our report, we do not issue any type of conclusion related to them.

With regards to the audit on financial statements as of December 31st, 2019, our responsibility is to read the information pieces rendered by the report of the Board of directors and appreciate if they are significantly inconsistent to the financial statements or to the knowledge we acquired during audit proceedings or if they seem to be in major distortion.

With regards to the report of the Board of Directors, we read it and we report if it is prepared in all its major sections in accordance to the ASF Norm 36/2015, articles 427-429.

Exclusively on the basis of activities that must be undergone during auditing on financial statements, we conclude that:

- (a) The information rendered in the Report for the financial year whose financial statements were prepared are in accordance, in all major aspects, to the financial statements;
- (b) The Report of the Board of Directors was prepared, in all major aspects, in compliance with ASF Norm 36/2015, articles 427- 429.

Moreover, on the basis of our knowledge and understanding regarding the Company and its business field, acquired while executing the audit, we are bound to report if we identified any significant distortion in the Report of the Board of Directors also with regards to those pieces of information obtained before the date of this auditor's report. We have nothing to declare in this respect.

Responsibilities of the management and other people in charge with corporate governance with regard s to the financial statements

- The management of the Company is responsible with drawing up the financial statements that would offer an "as it is" image of the Company, in compliance with ASF Norm 36/2015 and with having the internal control proceedings that
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they deem necessary to render financial statements with no major distortion, caused by either fraud or errors.

- In preparing the financial statements the management is responsible with assessment of the Company capacity to continue its activity, with the presentation, if the case, of the aspects pertaining to business continuity and with applying accounting practices according to this continuity principle, unless they either intend to wind up the Company or stop its operations or do not have any other realistic alternative.
- The people in charge with corporate governance are responsible with supervision of the financial reporting performed by the Company.

Auditor's responsibilities in an audit on financial statements

- Our objectives refer to obtaining a reasonable assurance related to the manner in which the financial statements, on the whole, are free of major distortions, caused by either fraud or error, as well as to issuing an auditor's report to contain our opinion. The reasonable assurance represents a high level of assurance but does not constitute a guarantee of the fact that an audit executed in accordance with ISA shall always detect a major distortion, if there is one. Distortions may be caused by either fraud or error and are considered significant if one can reasonably estimate that they would, by individual or consolidated manner, influence the economic decisions of the recipients.
 - As part of an audit in accordance with ISA, we follow a professional reasoning and maintain skepticism while performing the audit. We also:
 - Identify and assess the risks of distortion of financial statements caused by either fraud or error, project audit procedures as a counteract to these risks and obtain enough and adequate audit grounds/ proofs in order to issue a sound base for our opinion. The risk of not detecting a major distortion caused by fraud is higher than of not detecting a distortion caused by error, as fraud may imply secret agreements, fake, intended omissions, false statements and avoidance of internal control proceedings.
 - Understand the relevance of internal control proceedings for the audit in order to organise audit procedures that are adequate to the circumstances, but without setting as target to issue an opinion on the efficiency of the internal control proceedings for the Company.
 - Assess the adequacy level of accounting practices used and the reasonable character of the accounting estimates and of corresponding presentations of information made by the management.
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- Conclude on the adequacy level of utilisation by the management of the Company of accounting continuity principle and determine, on the basis of audit proofs obtained, if there is any major doubt with regards to the Company's capacity to continue its activity. If we identify a major doubt we have to point at it in the auditor's report related to the presentations contained in the financial statements or, if the very presentations are not adequate, we must change our opinion. Our conclusions are grounded on the audit proofs acquired before the auditor's report. However, subsequent events or conditions may determine the Company not to continue its activity on the basis of continuity principle.
- Assess the presentation, structure and contents of financial statements, including information items disclosed and the way in which the financial statements reflect transactions and events contained in an "as it is" manner.
- We inform the personnel in charge with corporate governance on the scope and timing of the audit, as well as on the main findings, including any major deficiencies of the internal control proceedings which we encounter while making the audit.
- Also, we submit to the personnel in charge with corporate governance a statement related to our conformity to the code of ethics pertaining to independence and inform them on all relations and other aspects that might reasonably be considered as affecting our independence and, when it is the case, the corresponding measures taken.
- Out of the aspects communicated to the personnel in charge with corporate governance we are the ones to conclude on the ones that had the greatest relevance in auditing the financial statements afferent to the current period and which are considered key aspects of the audit. These aspects are described in our audit report except for cases when law forbids disclosure or, extremely rarely, in case we consider that an aspect should not be contained in our report as its adverse consequences might reasonably exceed the benefits of public interests of such disclosure.

Report related to other legal and regulatory provisions

- We were appointed by the Ordinary General Assembly of the Shareholders on June 8th, 2017 to audit the financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. for the financial year ended December 31st, 2019. Our audit mandate was renewed by the Resolution of General Assembly of Shareholders no.7 of April 23rd, 2019 for a period of 3 years, until July 25th, 2022 respectively. The total uninterrupted period of our mandate has been of 3 years, covering the financial years ended on December 31st, 2017 up until December 31st, 2019.
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We herein confirm that:

1. Our audit opinion is in accordance with the additional report submitted to the Audit Committee of the Company, which we issued on the same date with this very report. We kept our independence towards the Company while executing our audit.
2. We did not provide the Company with forbidden non-audit services as they are described under article 5, paragraph (1) of the Regulation EU no. 537/ 2014.

On behalf of RAO AUDIT OFFICE S.R.L.:

licensed by the Romanian Chamber of Financial Auditors
under no.1237/2014

Dr. Neag Ramona, Partner auditor

licensed by the Romanian Chamber of Financial Auditors
under no. 2600/2008

Tg. Mures, 28.02.2020
