



Transilvania Broker[®]
BROKER DE ASIGURARE

ANNUAL REPORT 2017 OF TRANSILVANIA BROKER DE ASIGURARE S.A.

Issuer admitted to trading on the regulated market of BSE

Report date	22.03.2018
Financial exercise	01.01.2017-31.12.2017
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Issuer	TRANSILVANIA BROKER DE ASIGURARE S.A.
Address	Headquartered in Bistrita, Str. Zorilor nr. 5, județul Bistrița-Nasaud
Tel./Fax	0263-235900/ 0263-235910
Fiscal code	19044296
Registration no.	J06/674/2006
Subscribed and paid capital	500.000 lei
The market on which the securities are traded	Spot Market, Main Segment, Standard Category

This document has been prepared in accordance with the provisions of Regulation 1/2006, Title IV - Issuers of Securities, Chapter III - Reporting Requirements, Section 2 - Obligations of companies whose securities are admitted to trading on a regulated market Article 113 and Article 112¹

THE MISSION OF THE COUNCIL AND THE MANAGEMENT OF THE COMPANY

STATEMENTS OF THE PERSONS RESPONSIBLE

1. MAIN ACTIVITY OF THE COMPANY

1.1. GENERAL ASSESMENT OF THE ACTIVITY

1.2. OPERATIONAL ACTIVITY / TECHNICAL LEVEL

1.3. SALES ACTIVITY

1.4. PERSONNEL ASPECTS

2. TBK ON THE CAPITAL MARKET

2.1. TBK LISTING

2.2. THE SHAREHOLDERS STRUCTURE

2.3. RELATIONSHIP WITH INVESTORS

2.4. TBK SHARE DEVELOPMENT

2.5. DIVIDENDS

3. DISPUTES

4. CORPORATE GOVERNANCE

4.1. GOVERNANCE STRUCTURES

4.2. RISK MANAGEMENTUL

4.3. OTHER ASPECTS

5. DEVELOPMENT OF BUSINESS AND PERSPECTIVES

5.1. DEVELOPMENT OF BUSINESS

5.2. PERSPECTIVES

6. THE FINANCIAL YEAR

6.1. ANALIZA FINANCIAL POSITION

6.2. ANALYSIS OF FINANCIAL PERFORMANCE

6.3. ANALYSIS OF ECONOMIC-FINANCIAL INDICATORS

6.4. ANALYSIS OF CASH FLOWS

THE MISSION OF THE COUNCIL AND THE MANAGEMENT OF THE COMPANY

During 2017, the Board of Directors has successfully fulfilled its mission to ensure the safe and stable operation of TRANSILVANIA BROKER S.A. The Board of Directors was interested both in improving the Company's profitability and in maintaining its image as a solid and trustworthy partner for all collaborators.

"TRANSILVANIA BROKER DE ASIGURARE S.A. is one of the top 3 insurance brokers in Romania, with more than 10 years of experience in the field and a national coverage of over 1,700 collaborators, through which the company operates in 38 counties of the country. We own a portfolio of over 900,000 unique clients, individuals and legal entities. With many awards for our work, we can proudly say that the results recommend us, being multiple winners of the performance awards offered by specialized publications in the field or by the insurers, both at the broker level and at county level through our franchises. "

For the insurance intermediaries market in Romania, 2017 was marked by, firstly, the lowering of the commissions offered by insurers in the conclusion of Motor Third Party Liability (RCA) policies. This business line is important to insurance brokers, this decrease leading to a significant reduction in their earnings.

In order to mitigate the effects perceived, TRANSILVANIA BROKER DE ASIGURARE S.A has made efforts to streamline the portfolio, which has materialized in significant increases in most of the optional insurance classes. This restructuring of the portfolio resulted in an average commission (ratio of income from brokerage activity and total intermediated premiums) of 15.8%, above the market average, although the turnover decreased by 14% compared to 2016, the company's profit increased by 12%.

Also, in 2017, we launched a new product on the Romanian market: TransAsist, the first road assistance insurance that offers damage assistance, car repair on the road, towing and a spare car. TransAsist services are provided as a matter of urgency, covered 24 hours a day, 7 days a week by the assistance company. Strengthening the departments dedicated to supporting the work of our employees, departments that at the same time provide customer support both at signing the policies and in solving any damages, was another objective foreseen by our company. Thus, the Corporate, Life & Health, and Claims Departments have been developed both by bringing in specialized personnel and by implementing IT applications to improve their work.

STATEMENTS OF THE PERSONS RESPONSIBLE

Members of the Board of Directors and Executive Directors of the Company declare that:

- there are no family relationships among the members of the Issuer's organizational, management, supervision or control structures;
- no member of the Issuer's organizational, management, supervision or control structures has been convicted of any fraud committed in the last five years;
- no member of the Issuer's organizational, management, supervision or control structures did not act in similar capacity within any company that has entered into bankruptcy or liquidation in the past five years;
- over the past five years, no member of the Issuer's organizational, management, supervision or control structures has been convicted by any Court with the prohibition of acting as a member of the management, administrative or supervisory structures of the issuer or acting in managing the business of any issuer;
- between the private interests or other obligations of the members of the organizational, management, supervision or control structures and their professional obligations towards the Issuer there is no potential conflict of interest;
- there is no agreement on the basis of which the persons were elected as members of organizational, management, supervision or control structures, between the members of the Issuer's organizational, management, supervision or control structures and the shareholders, clients of the suppliers, or any other interested parties;
- none of the members of the Issuer's organizational, management, supervision or control structures accepted any restrictions for a certain period of time regarding the possible alienation of their shares in the capital of the Issuer;
- there have not been and there are no potential conflicts of interest between the obligations towards the Issuer of any of the members of the management, administrative or supervisory structures and their private interests and/or other obligations;
- there have not been and there is none of the following situations: (i) convictions for frauds committed or in connection with the Issuer; (ii) proceedings for judicial reorganization, insolvency or bankruptcy, any other enforcement actions in favour of any creditor of the Issuer; (iii) seizure or liquidation, situations with which at least one of the members of the management, supervision and control structures has been associated with, during the last five years;
- there have not been and there are no official incriminations / accusations / public sanctions against any person in the Issuer's organizational, management,

supervision or control structures, statutory or regulatory authorities, including the relevant professional bodies.

- there are no agreed contractual provisions between the members of the administrative structures, management, supervision or control structures and the Issuer, which provides for the granting of benefits upon expiry of the contract.
- The issuer respects the management and executive management regime applicable to commercial companies according to the Romanian legislation in force.
- the level of equity and level of indebtedness of the Issuer are based on non-distorting financial information, considering any contingent liabilities of the Issuer.
- The Issuer does not have information about persons who hold a management or an administrative position and who may hold, directly or indirectly, a percentage of the share capital or voting right, who must be notified under the capital market legislation.
- The annual financial statements on which the historical financial information taken from this Prospectus, including those restated under IFRS, have been audited.
- In the last twelve months, no governmental, judicial or arbitral proceedings have been initiated that could have significant effects on the Issuer's financial situation or profitability.
- The Issuer's management declares that no significant changes in the financial or trading position occurred, after the reporting period that ended on December 31, 2017 for which the audited financial statements were published.

Chairman of the Board of Directors

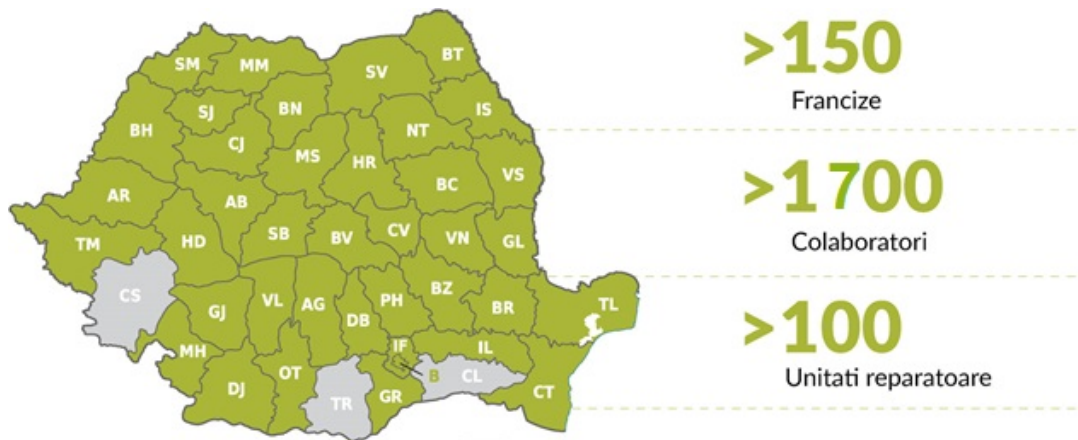
Mr. DAN NICULAE

1. THE MAIN ACTIVITY OF THE COMPANY

➤ HISTORY, LEGAL FRAMEWORK AND DESCRIPTION OF ACTIVITY

TRANSILVANIA BROKER DE ASIGURARE S.A. ("The Company") was founded by two associates: Gabriel LOGIN and Mr. Tiberiu GONCZI, the latter withdrew from the Company in 2007, Mr. Dan NICULAE was co-opted in 2008, as associate.

TRANSILVANIA BROKER DE ASIGURARE S.A. is an insurance brokerage company, that started its activity in November 2006. The Company's headquarters/ social headquarters is located in Bistrita, and the operational activity currently covers all the major counties of the country through a network consisting of over 1,700 collaborators, brokerage assistants – individuals and businesses.



TRANSILVANIA BROKER DE ASIGURARE S.A. carries out activities and services specific to the insurance intermediation sector, being authorized by the Financial Supervisory Authority as an insurance broker. Pursuant to the Issuer's Articles of Incorporation, the main activity according to the codification (NACE Rev.2) covers "Auxiliary insurance activities and pension funding (code 662)". The main sub-domain refers to "Activities of insurance agents and brokers; negotiation for individuals or legal entities, insured or potential insured, conclusion of insurance contracts and assistance before and during the performance of the contracts or in relation to the settlement of claims, as the case may be (code 6622)".

Specifically, the main object of activity is the sale of insurance products to customers or potential clients on behalf of the insurance/reinsurance companies authorized by the Financial Supervisory Authority. The related activities carried out by the Issuer refer to "Insurance risk and damage evaluation activities (code 6621)".

The company was constituted as a private legal entity, according to the provisions of

Law no. 31/1990- Law on companies, republished, with the subsequent amendments and completions, of Law no. 32/2000 regarding the activity and supervision of intermediaries in insurance and reinsurance, with the subsequent amendments and completions, respectively of Law no. 136/1995 on insurance and reinsurance in Romania, as subsequently amended and supplemented. At the same time, in the application of the primary insurance legislation, the company is subject to the secondary legislation consisting of Norms issued by Financial Supervisory Authority .Also, the company complies with the accounting and fiscal legislation applicable in Romania, in particular the Accounting Law no. 82/1991, republished, as subsequently amended and supplemented, as well as Law no. 227/2015 on the Fiscal Code, as amended and supplemented. Following the admission to trading of the Company's shares, the normative framework on which it operates, is complemented by the legislation and regulations relating to the capital market, in particular Law no. 24/2017 on Issuers of Financial Instruments and Market Operations, Regulation no. 1/2006 on Issuers on issuers of and operations with securities, as subsequently amended and supplemented, as well as Regulation no. 6/2009 on the exercise of certain rights of shareholders in the general meetings of the companies, as subsequently amended and supplemented.

Throughout its existence, the Company has developed on a continuous and sustainable basis, both by attracting new collaborators and by expanding the operational network. As a result of sustainable development policies, at the end of 2017, the company was ranked on the third place from a total of over 300 insurance brokerage companies authorized in Romania with a market share of 5.52%.

The business philosophy of the company is consolidated on principles that converge towards the professional identification and satisfaction of the insurance needs of clients or potential insurance clients. The basic approach to building a business strategy is customer focus. The Issuer maintains an objective point of view in relation to all insurance and reinsurance companies, in the provision of professional insurance intermediation services, thus facilitating a balance between the demand of clients or potential clients and the offers of insurers who carry out the brokerage operations.

The company marked an excellent year on the insurance brokerage market, in the sense of implementation the corporate development policies, registering significant increases both in terms of quantity (the volume of intermediated premiums) and in terms of market share dynamics. These effects have been generated by some courageous management decisions, as well as the implementation of highly applied projects that have proven to be a real advantage for the company.

The main categories of services and professional activities provided by the Issuer to

customers or potential clients cover:

- identification of insurance risks, their analysis, evaluation and management;
- introduce recommendations for minimizing or transferring insurable risks;
- analysis of potential insurance policies in progress;
- designing an adequate insurance program;
- negotiating terms and conditions of insurance, market opportunities analysis in terms of quality / price and choosing the optimal insurance solution, in accordance with the client's interests;
- Managing insurance contracts throughout their lifetime and adapting them to customer business dynamics;
- assistance in settling claims and obtaining insurance indemnities;
- providing information about the Romanian insurance market.

The main intermediary insurance products of the Company cover:

- Life insurance;
- Health Insurance;
- Accident insurance;
- Land vehicle insurance;
- Insurance of railway transport;
- Insurance of aviation transport;
- Insurance of marine transport;
- Insurance of goods in transit;
- Household insurance;
- Insurance of buildings and property owned by legal entities;
- Civil liability insurance for motor vehicles;
- Insurance of general civil liability;
- Professional liability insurance;
- Credit insurance;
- Warranties insurance;
- Financial Loss Insurance;
- Insurance of machinery, equipment and installations for accidental damages;
- Construction works and manufacturer responsibility insurance;
- Agricultural Insurance.

PURCHASING AND/OR ASSETS ALIENATION

The structure, value and evolution of the Company's fixed assets in the year 2017 are as follows:

Indicator (lei)	1 January 2017	Increases	Decreases	31 December 2017
<i>Intangible assets</i>	21.928	6.575	12.549	15.954
- licenses and other intangible assets	21.928	6.575	12.549	15.954
<i>Tangible assets</i>	183.018	39.212	123.381	98.849
- technical installations and machines	167.384	7.899	112.095	63.188
- other installations, machinery and furniture	15.634	31.313	11.286	35.661
<i>Financial assets</i>	25.792	-	10.717	15.075
- long-term loans	10.717	-	10.717	-
- warranties and fixed debts	15.075	-	-	15.075
TOTAL	230.738	45.787	146.647	129.879

Intangible assets documented by the Company at the end of 2017 amounted to 15,954 lei, down with 27.24% compared to the same period last year. With regard to their composition, they are represented 100% of licenses and other intangible assets. Also, in 2017 purchases of such assets were made in the amount of 6,575 lei, while intangible assets in the amount of 4,198 lei were written off.

Tangible assets documented in the financial statements of the company as of 31 December 2017 include mainly:

- Technical installations and machines (63.92% in total tangible assets)
- Other installations, equipment, machinery and furniture (36.08% in total tangible assets).

During the year 2017 there were acquisitions of tangible assets as of technical installations and machines amounting to 7,899 lei, as well as acquisitions related to other installations, machinery and furniture amounting to 31,313 lei. At the end of 2017, tangible assets worth a total of 16,127 lei were written off.

At the balance sheet date 31.12.2017, the tangible assets were amortized at 89.61% of the cost, respectively the total gross value was 951.402 lei and the cumulated amortization was 852.553 lei. At the end of the period under review, the largest share of the book value of tangible assets was held by technical installations and machines

(63.46%) as significant purchases of such assets.

The Company does not face legal issues related to ownership of tangible assets.

The company's activity does not generate environmental issues through the use of tangible assets.

The company did not rent real estate, equipment or machinery. There are guarantees incurred at the expense of these assets and there are no other major tasks that affect the use of these assets.

Financial assets amounted to 15,075 lei (31 December 2017) presented in the balance sheet refer to guarantees paid for rental contracts for the development of current activities, including guarantees for utility contracts. At the same time, at the level of the financial assets, there were registered cuts worth 10,717 lei.

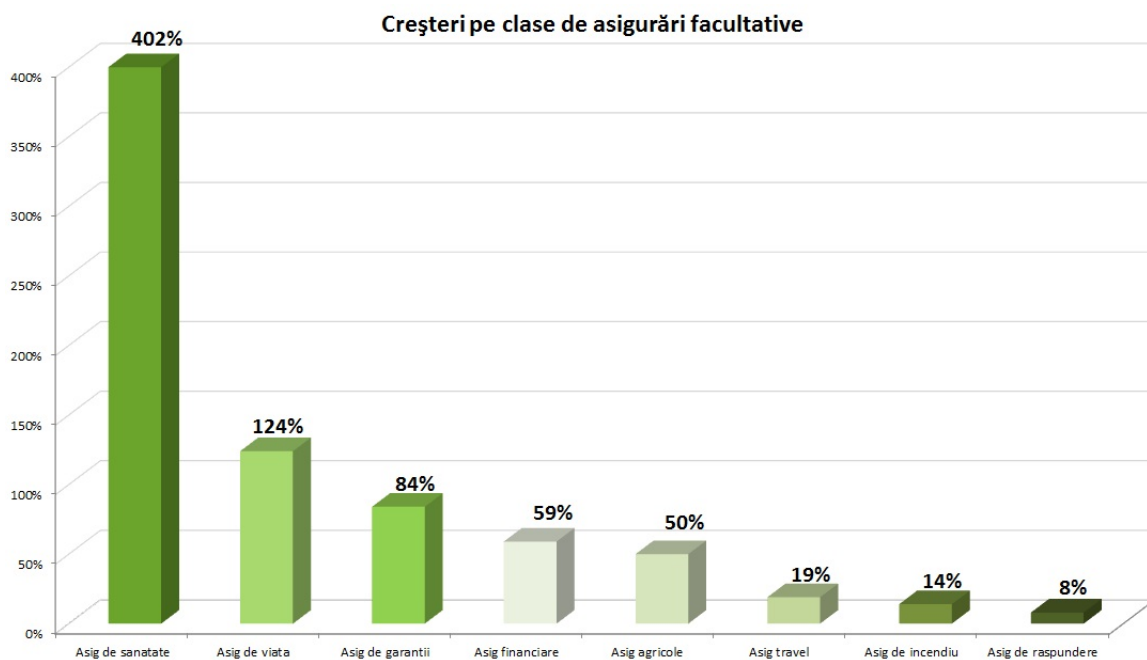
THE MAIN RESULTS OF THE COMPANY

The activity performed during 2017 is reflected in the market, as evidenced both by position 3 occupied in the top 10 of the most active insurance brokers and the market share of 5.52% by the end of 2017. At the same time, the activity carried out by the company is reflected in figures in the financial statements for the year 2017, the results being presented as follows:

INDICATORS (lei)	31 December 2016	31 December 2017	Evolution (+/-)(%)
<i>Indicators of the financial position</i>			
<i>Fixed assets</i>	230.738	129.879	(43,71)
<i>Current assets</i>	6.574.889	11.821.715	79,80
Financial debts	2.986.827	4.554.909	52,50
Cash and cash equivalents	3.588.062	7.265.864	102,50
<i>Prepayments</i>	36.489	6.656	(81,76)
Total assets	6.842.116	11.958.250	74,77
<i>Current debts</i>	3.295.439	8.723.850	162,86
<i>Non-current debts</i>	52.127	-	-
Total debts	3.347.566	8.723.850	160,60
Equities	3.494.550	3.234.399	7,44
<i>Indicators of financial performance</i>			
Turnover	62.492.184	53.835.203	(13,85)
Operating result	3.612.711	3.975.157	10,03

Financial result	(11.890)	153	-
Gross result	3.600.821	3.975.310	10,40
Net result	3.051.681	3.405.622	11,60

At the same time, the year 2017 at the level of the entire insurance brokerage market was marked by decreases in the commissions offered by insurers in the conclusion of Motor Third Party Liability (MTPL), generating a significant reduction in the income of insurance brokers. Thus, in order to diminish the alleged effects, the Company made efforts to restructure the portfolio, which resulted in significant increases in most of the optional insurance classes, as follows:

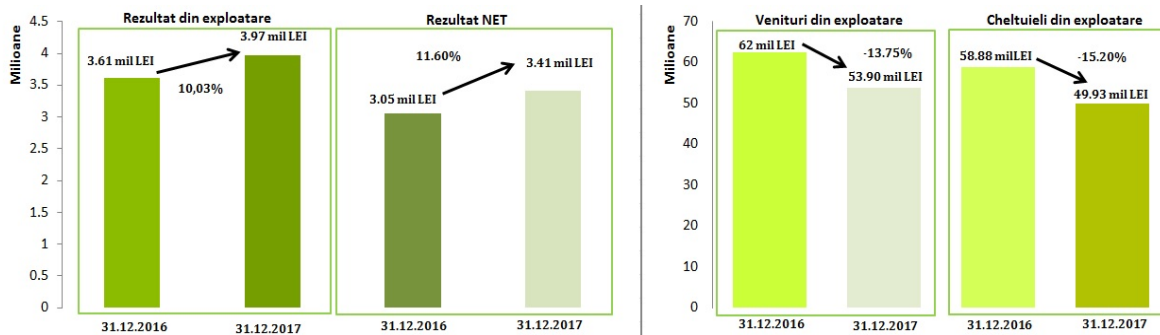


This restructuring of the portfolio resulted in an average commission (ratio of income from brokerage activity and total intermediated premiums) of 15.8%, above the market average, although the turnover decreased by 14% compared to 2016, the company's profit increased by 12%. Thus, even if the turnover decreased by 13.85% at the end of this year (31.12.2017) compared to the previous year, the net profit registered by the company increased by 11.60%.

1.1. GENERAL EVALUATION OF ACTIVITY

➤ ANALYSIS OF CURRENT YEAR

Indicator (lei)	31.12.2016	31.12.2017	Evolution (+/-)(lei)	Evolution (+/-)(%)
<i>Turnover</i>	62.492.184	53.835.203	(8.656.981)	(13,85)
Total operating revenues	62.497.215	53.906.286	(8.590.929)	(13,75)
Total operating expenses	58.884.504	49.931.129	(8.953.375)	(15,20)
<i>Operating profit</i>	3.612.711	3.975.157	362.446	10,03
Total financial revenue	2.659	2.692	33	1,24
Total financial expenses	14.549	2.539	(12.010)	(82,55)
<i>Financial Profit</i>	(11.890)	153	n.a	n.a
Total income	62.499.874	53.908.978	(8.590.896)	(13,75)
Total expenses	58.899.053	49.933.668	(8.965.385)	(15,22)
<i>Gross profit</i>	3.600.821	3.975.310	374.489	10,40
Profit tax expense	549.140	569.688	20.548	3,74
<i>Net profit</i>	3.051.681	3.405.622	353.941	11,60



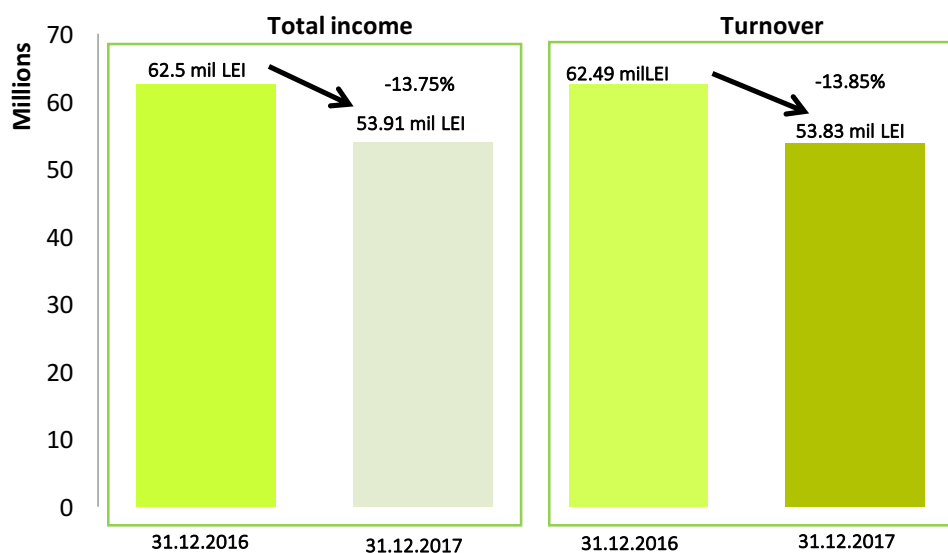
The evolution marked by operating revenues was unfavourable, registering a decrease of 13.75%. In terms of expenditure from operating activities, the dynamics of the operating revenue reported by the company is therefore directly correlated with them. Thus, from the operating expenses, documented by the company, it was recorded as a decrease of 15.20%. The more significant decrease in operating expenses compared to operating revenue, generated the increase in operating result with 10.03%.

The financial result on 31.12.2017 resulted in a profit of 153 lei, amid a significant decrease in financial expenditures (-82.55%), during which the financial revenues increased by 1.24%, influencing favourably the gross result of the period. Therefore, the gross result resulted in a profit of RON 3,975,310, higher compared to the value recorded in the reference period (RON 3,600,821).

After deducting the profit tax expense (569,688 RON), in the current period, the entity obtained a net profit of RON 3,405,622, up by 11.60% as compared to the reference period.

➤ ANALYSIS OF TURNOVER

indicator (lei)	31.12.2016	31.12.2017	Evolution (+/-)(lei)	Evolution (+/-)(%)
Total operating revenue	62.497.215	53.906.286	(8.590.929)	(13,75)
<i>Turnover</i>	62.492.184	53.835.203	(8.656.981)	(13,85)
Other operating revenue	5.031	71.083	66.052	1.312,9
Total income	62.499.874	53.908.978	(8.590.896)	(13,75)
<i>% CA in total income</i>	99,99%	99,86%	-	-



At the end of 2017, the turnover achieved by the company marked an unfavourable evolution compared to the same period of the previous year. Under these circumstances, there is a decrease in the turnover of 8,590,929 lei (-13.75%). At the same time, there is a direct proportionality between the turnover and the total income achieved by the company, due to the significant contribution of revenues that make up the turnover to the company's total income. Thus, in the year 2016 the company's turnover accounted for 99.99% of the total revenues, while at the end of 2017 there was a slight decrease in the share of turnover in total incomes (99.86%), respectively by 0.13 percentage points.

➤ **COST ANALYSIS**

Indicator (lei)	31.12.2016	Net sales (%)	31.12.2017	Net sales (%)	Evolution (+/-)(lei)	Evolution (+/-)(%)
Expenditure on services rendered by third parties	1.705.856	2,73	1.273.723	2,37	(432.133)	(25,33)
Material expenditures	151.313	0,24	131.427	0,24	(19.886)	(13,14)
Expenses with other taxes, fees and assimilated payments	188.271	0,30	173.037	0,32	(15.234)	(8,09)
Staff costs	2.044.433	3,27	2.270.043	4,22	225.610	11,04
Expenditure on commissions due to brokerage assistants	53.991.987	86,40	45.544.380	84,60	(8.447.607)	(15,65)
Amortizations and adjustments	174.076	0,28	262.605	0,49	88.529	50,86
Other expenses	628.568	1,01	275.915	0,51	(352.653)	(56,10)
Net sales	62.492.184	-	53.835.203	-	-	-

At the reporting date (31.12.2017), the largest share of the turnover is held by commission expenses due to brokers (84.60%), down by 1.8 percentage points comparing to the end of 2016 when the share held was 86.40%.

Expenses from operating activity followed the dynamics of the operating income reported by the company during the period 2016-2017, being therefore in direct correlation with them.

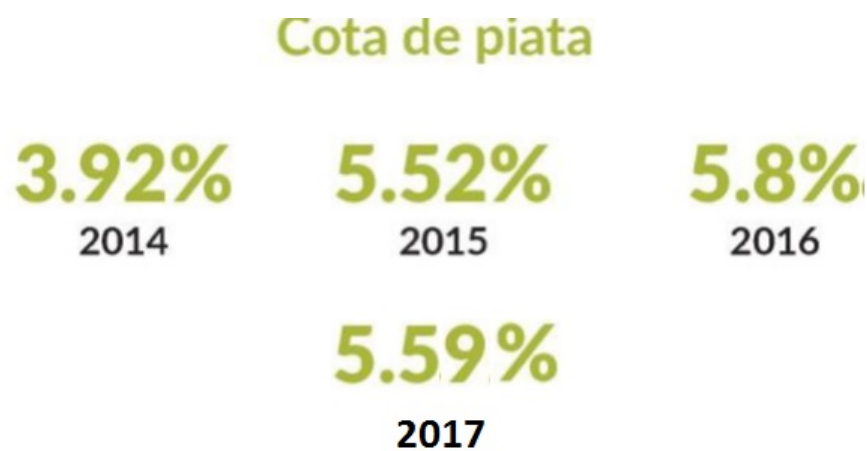
Expenditures on services provided by third parties decreased by 25.33% in 2017 as compared to 2016. The annual value of services provided by third parties registered at the end of 2017 was 1,273,723 lei and the share held in net sales of was 2.37%.

The staff costs registered an increase of 11.04% in 2017, respectively by 225.610 lei, compared to the same period of the last year. At the same time, at the end of 2017, the staff costs have a share of 4.22% in the turnover.

Overall, at the end of 2017 there were increases in staff costs (+ 11.04%) amid salary increases and amortization and adjustments (+ 50.86%). Also, there was a decrease in terms of the expenditures on services provided by third parties (-25.33%), material expenses (-13.14%), Expenses with other taxes, fees and assimilated payments (-8.09), Expenditure on commissions due to brokerage assistants (-15.65%) and other expenses (-56.10%).

MARKET VALUE ANALYSIS

The brokerage services and activities are carried out by the company on the insurance market in Romania. The insurance intermediation activity is carried out by the company within the secondary offices owned, as well as by some of the agents, referred to as brokerage assistants.



The company is ranked in the top 10 of the most active insurance brokers with a remarkable evolution over the last 4 years, and in 2016, the company reached the third place in the ranking. At the same time, at the end of 2017, the company continued on the third place in the ranking with a market share of 5.52%, down with 0.21 percentage points as compared to the end of 2016.

➤ LIQUIDITY ANALYSIS

Indicator (lei)	01.01.2017	31.12.2017	Evolution (+/-)(%)
<i>Current assets (CA), from which:</i>	6.574.889	11.821.715	79,80
Stocks (S)	-	942	n.a.
Debts (Cr)	2.986.827	4.554.909	52,50
Cash at bank and in hand. (DB)	3.588.062	7.265.864	102,50
<i>Current debts (DC)</i>	3.295.439	8.723.850	164,72
<i>General liquidity (AC/DC)</i>	2,00	1,36	(32,08)
<i>Intermediate liquidity (AC-S/DC)</i>	2,00	1,35	(32,09)
<i>Immediate liquidity (DB/DC)</i>	1,09	0,83	(23,51)

Liquidity reflects the ability of a company to meet its short-term liabilities by converting

current assets (stocks, debts, short-term investments) in cash in order to honour its current due payments.

General liquidity - reflects the ability of the company to cover its current liabilities on current assets. The value of the indicator in the current year is higher (1.36 in 2017), reflecting a good ability to cover current debts due to current assets. At the same time its value is decreasing compared to the previous year (-32.08%).

Intermediate liquidity - reflects the ability of a company to cover its current liabilities based on liquid and due assets. The value of the indicator recorded in the current year (1.35 in 2017) decreased by 32.09% compared to the previous year (2.00 in 2016).

Immediate liquidity - reflects the ability of the company to cover its current debts due to cash availability. The value of this indicator in the current year is higher 1.09 in 2017 and is decreasing compared to the previous year (-23.51%).

1.2. OPERATIONAL ACTIVITY/TECHNICAL LEVEL

Since it was founded, the company has focused both on the development of the whole business and on its expansion. From this point of view, the company signed brokerage assistance contracts with more than 1,700 collaborators, brokerage assistants - individuals and legal entities. The Company carries out activities and services specific to the insurance brokerage sector, for example activities of presentation, proposal, performance for the conclusion of insurance/reinsurance contracts or to provide assistance for the administration or fulfilment of contracts, especially in case of damage.

The company had an impressive evolution, from its founding to the present, expanding its activity by opening new branches in different counties of the country, in addition to more than 150 franchise locations, and therefore the company holds branches in:

- Sibiu, Strada Justiției, Nr.10, județul Sibiu
- București Sectorul 1, Strada Buzești, Nr.59, Bloc A5, Scara 4, Etaj 1, Ap.66
- Municipiul Pitești, Strada I.C. Brătianu, Bloc 35, Scara A, Ap.1, Județ Argeș
- Municipiul Cluj - Napoca, Strada Sarmizegetusa, Nr. 22, Etaj 1, Județ Cluj

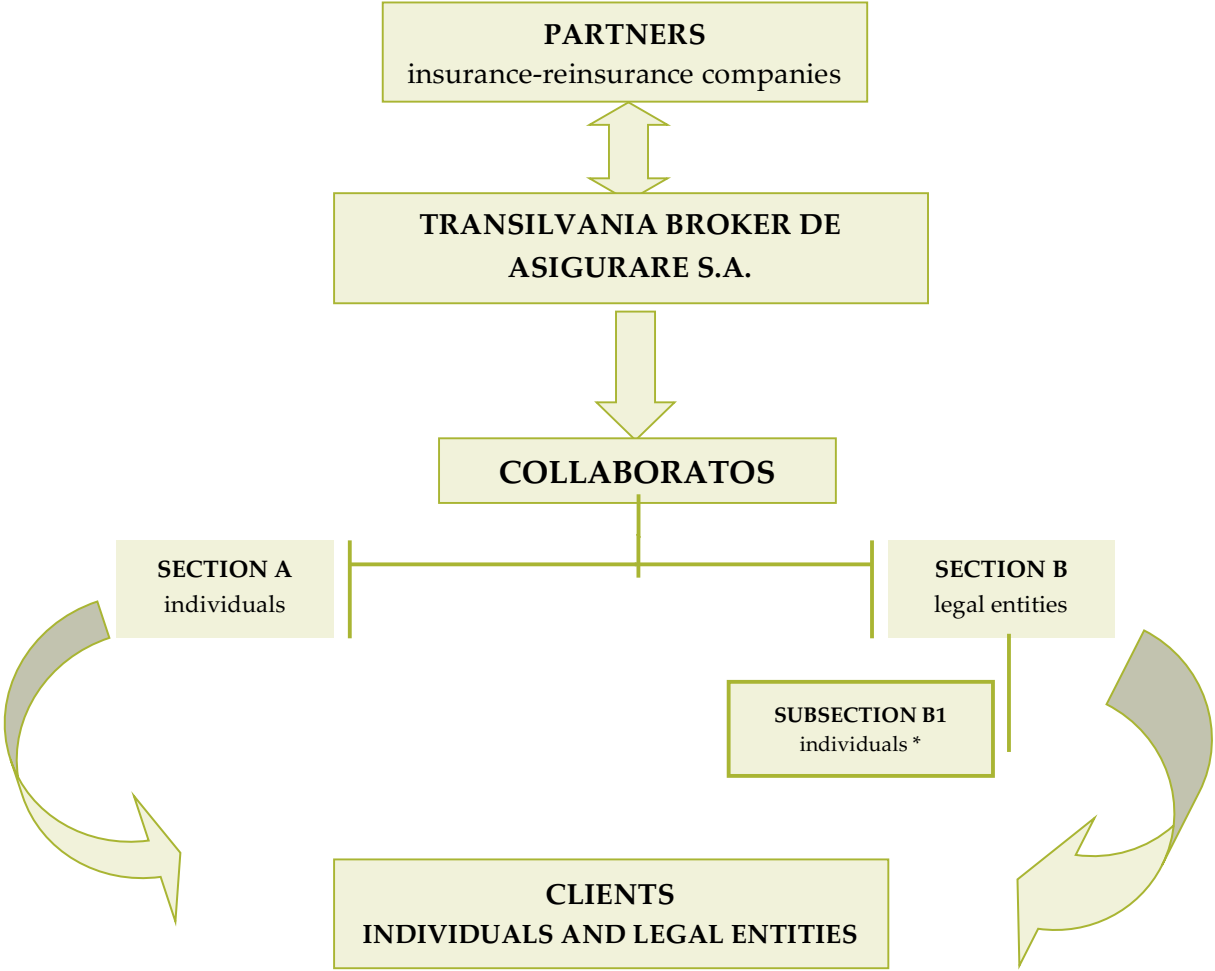
As insurance broker, the Company has concluded a series of partnerships with 26 Insurers, in this sense, the Company has the role of intermediating insurance contracts on their behalf, respectively carrying out preliminary activities related to the conclusion of insurance/reinsurance contracts or providing assistance for managing or performing contracts.

The insurance brokerage is carried out by the Company within its secondary offices as well as by some other agents, referred to as brokerage assistants. In this respect, the Company extended its activity by opening new branches in different counties of the country, in addition to more than 150 franchise locations.

The agents are divided into two sections, as follows:

- Section A – which includes brokerage assistants for individuals; and
- Section B – which includes corporate brokerage assistants. Within this section there is a subsection B1 – which includes legal brokerage assistants, who carry out their activity, both through their own team (employees with attributions in the field of issuing policies) and through their own network of brokerage assistants (based on a collaboration contract).;

In essence, in order to carry out the activity of insurance mediation, the following flow of relations takes place at the level of the Company:



The main categories of services and professional activities provided by the Company to its customers or potential insurance customers aim:

- the identification of insurable risks, their analysis, assessment and management;
- submitting recommendations for minimizing or transferring the insurable risks;
- analysis of potential insurance policies in progress;
- designing an appropriate insurance program;
- negotiating terms and conditions of insurance, analysing the market opportunities in terms of the quality/price ratio and choosing the optimal insurance solution in accordance with the client's interests;
- managing insurance contracts throughout their lifetime and adapting them to customer business dynamics;
- assistance in settling damages and in obtaining insurance indemnities;
- providing information about the Romanian insurance market.

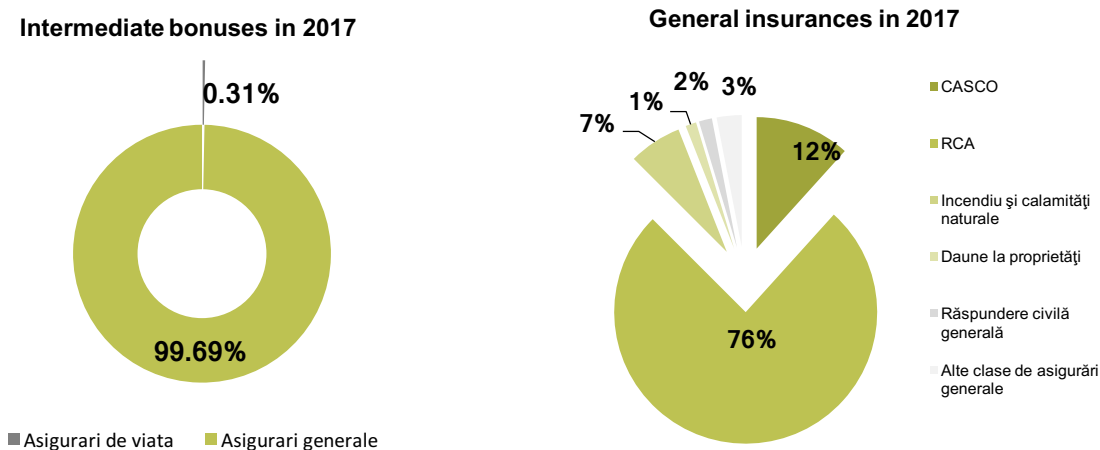
The services and brokerage activities carried out by the Company on the insurance market in Romania concern the following relevant product categories/classes of insurance:

- Life insurance;
- Health Insurance;
- Accident insurance;
- Land vehicle insurance;
- Insurance of railway transport;
- Insurance of aviation transport;
- Insurance of marine transport;
- Insurance of goods in transit;
- Household insurance;
- Insurance of buildings and property owned by legal entities;
- Civil liability insurance for motor vehicles;
- Insurance of general civil liability;
- Professional liability insurance;
- Credit insurance;
- Warranties insurance;
- Financial Loss Insurance;
- Insurance of machinery, equipment and installations for accidental damages;
- Construction works and manufacturer responsibility insurance;
- Agricultural Insurance.

There was a favourable evolution of the Company, in terms of the life insurance, a trend that was not maintained in the case of the general insurances, as shown by the data presented in the table below.

Intermediated premiums (lei)	31.12.2016	31.12.2017	Evolution (+/-)(%)
<i>Life insurances</i>	734.795	1.055.320	43,62
<i>General insurances, out of which:</i>	359.433.999	338.757.772	(5,75)
- fully comprehensive car insurance policy (BIII)	38.619.365	39.605.956	2,55
- Motor Third Party Liability (MTPL) (BX)	285.177.255	256.792.030	(9,95)
- Fire and natural calamities (BVIII)	20.135.840	22.059.260	9,55
- Property damage (BIX)	3.383.183	4.481.066	32,45
- General Civil Liability (BXIII)	5.201.675	5.454.460	4,86
- Other classes of non-life insurance	6.916.681	10.365.000	49,85
TOTAL	360.168.794	339.813.092	(5,65)

The annual value of the premiums intermediated by the Company decreased by 5.65% (in 2017 compared to 2016). Accordingly, the market share of companies in the insurance brokerage sector decreased from 5.8% (in 2016) to 5.52% (in 2017).



The results achieved by the Company from the date of its founding to the present are due both to the personnel employed and to the agents as well as to the investments made in the IT component.

Thus, for the activity of the business, the company uses the 24Broker software, which is a complex application mainly having the following roles: (i) Issuing insurance policies and their management (reports rates, expiration dates, automated data sent to customers,

automated validation of deposited amounts, cancellation policies, etc.); (ii) issuing invoices to insurers; (iii) calculation of commissions due to brokerage assistants; (iv) customer management; (v) brokerage assistants management, etc. This software is integrated with WinMentor accounting software.

The implementation of the application begun in 2007 and its development and adaptation to current requirements is one of the Company's major concerns, making monthly updates.

At this time, the Company is in the process of implementing the GDPR Regulation, as well as in an advanced phase of introducing a new CRM (Customer Relationship Management) module in order to better interact with customers.

So far, the investment in the IT application was about 350,000 euros. The company has begun developing this application, realizing that an increase in the company's collaborative network and implicitly in the company is not possible without proper technical support. In this respect, we have continued to maximize the automation process, so it can be said that more than 80% of all insurance policies are issued electronically from their own software (the rest is issued directly from the insurers' platforms). Thus, the following activities have been automated: the validation of the amounts representing insurance premiums entered into the Company's accounts is automatically made (based on barcode borders), brokerage assistants management (blocking in the event of non-payment and unblocking) and generating reports and the transmission to the insurance companies, daily, at a pre-determined time.

The automation of these processes led, firstly, to the disappearance or significant reduction of human errors, as well as to a greater efficiency of the Company's activity, as evidenced by the structure of the back-office staff, namely 30 people manage around 80 million Euro annually and over 1,700 collaborators.

From the beginning to the present, the Company's main concern has been to provide full assistance to its customers. The achievement of this principle by the Issuer aimed the developing of new projects, launching a new "TransAsist" roadside assistance product, which offers, besides damage assistance, free towing as well as a spare car in the event



ASISTARE
specializata in
daune auto

+



TRACTARE
in conditii de
maxima siguranta

+



MASINA
de rezerva

of a car accident. It is expected that this product will undergo several changes over the next period in the sense of increasing the risks covered.

1.3.SALE ACTIVITY

➤ BUSINESS POTENTIAL - COMPETITIVE SITUATION

The top of the insurance brokers is represented by the entities that hold the largest market shares in the brokerage sector on the insurance market in Romania, in relation to the value of the intermediate premiums. The Company is ranked among the top 10 of the most active insurance brokers, having a remarkable development since its founding and at the present it is classified on the third place in the rankings.

Intermediaries	2016		2017	
	Position	Market share (%)	Position	Market share (%)
SAFETY BROKER DE ASIGURARE S.R.L	1	7,70	1	7,42
MARSH-BROKER DE ASIGURARE-REASIGURARE S.R.L	2	6,29	2	6,90
TRANSILVANIA BROKER DE ASIGURARE S.R.L	3	5,80	3	5,52
DESTINE BROKER DE ASIGURARE-REASIGURARE S.R.L	4	4,85	4	5,05
INTER BROKER DE ASIGURARE S.R.L	5	4,57	5	4,74
DAW MANAGEMANT-BROKER DE ASIGURARE S.R.L	6	4,04	6	4,13
CAMPION BROKER DE ASIGURARE S.R.L	7	3,88	7	3,69
UNICREDIT INSURANCE BROKER S.R.L	8	3,21	8	3,28
PORCHE BROKER DE ASIGURARE S.R.L	9	2,31	9	2,51
AON ROMANIA BROKER DE ASIGURARE-REASIGURARE S.R.L.	-	-	10	2,15
MILENIUM INSURANCE BROKER (M.I.B.) S.A.	10	2,14	-	-
TOTAL (1-10)	-	42,48	-	45,39
TOTAL	-	100	-	100

Compared to the end of 2016, it is noted that on 31.12.2017 the top 10 for insurance and/or reinsurance brokers, depending on the value of the premiums for general insurance and life insurance, remain constant.

At the same time, the market share of most of the top 10 insurance brokers declined, except for Marsh-Broker, Destine Broker, Inter Broker, Daw Management-Broker, Unicredit Insurance and Porche Broker. Also, there is a change related to the 10th position that was held by Millenium Insurance Broker in 2016 and replaced by Aon Romania Broker at the end of 2017.

Regarding the Company, its market share has been reduced by 0.21 percentage points.

Despite the marked decline, the Company maintains its third position in the top 10 of the most active insurance brokers.

Dynamically, the unfavourable evolution in both the non-life insurance and the life insurance market was found at the level of the insurance market in Romania, as shown by the data presented in the table below.

Period	Gross written premiums			Intermediate premiums		
	General insurances	Life insurances	Total	General insurances	Life insurances	Total
2016	7.711.459.161	1.669.447.247	9.380.906.408	6.038.410.337	169.910.084	6.208.320.421
2017	7.688.907.366	2.018.058.249	9.706.956.615	5.952.070.986	202.676.819	6.154.747.805
Evolution (2017/2016) (%)	(0,29)	20,88	3,47	(1,43)	19,28	(0,86)

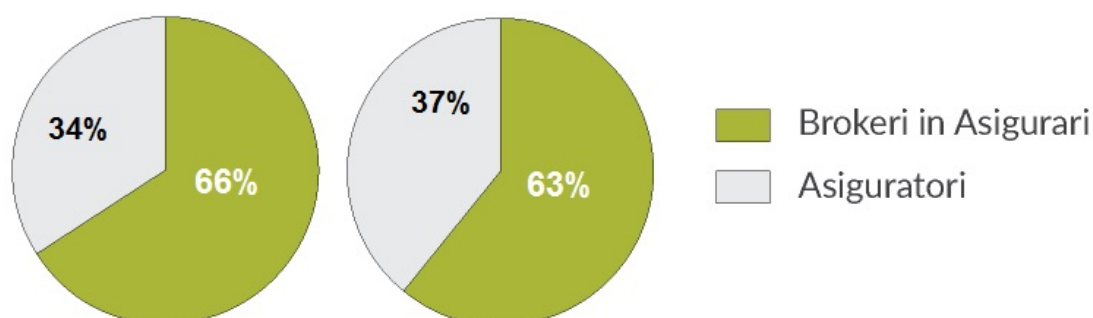
Compared to the beginning of the reporting period, there is an increase in gross written premiums (+ 3.47%) and a decrease in the first intermediate (-0.86%). As a result of the centralization by the Financial Supervisory Authority (ASF) of the reports sent by the intermediary brokers, on 31.12.2017 it results that the value of the non-life insurance and non-life insurance premiums amounted to 6,154,747.805 lei, down 0.86% comparative with the same period of the previous year.

Indicator	Formula	2016	2017
Degree of intermediation (%)	(PI/PBS) *100	66,18	63,41

Source: Annual Financial Supervisory Authority (ASF) Reports for 2014-2016; Analysis report Financial Supervisory Authority (ASF) T32017

Compared to the total volume of gross written premiums by insurers for the two categories of insurance (general and life), the intermediate premiums represent 63.41%, down 2.77 percentage points, as compared to the beginning of the reporting period.

GRADUL DE INTERMEDIERE (%)



Although the gross written premiums for life insurance increased in 2017 as compared to

2016, the degree of intermediation has decreased, as insurance companies have boosted the sales process by their own forces, considered more efficient, including in terms of costs.

An analysis of the structure of the intermediary premiums by insurance and/or reinsurance brokers in 2017 by classes of insurance is as follows:

Indicator	2017 (val. Lei)	Total (%)
Life insurances, out of which:	202.676.819	100
- Life insurance, annuities and additional life insurance	171.621.792	84,68
- Life insurance and annuities that are linked to investment funds	19.209.699	9,48
- Other life insurance classes	11.845.328	5,84
General insurances, from which:	5.952.070.986	100
- Civil liability insurance for vehicles	3.350.495.906	56,29
- Land transport vehicle insurance	1.350.369.236	22,69
- Fire and other natural disasters insurances	486.033.559	8,17
- Other classes of general insurance	765.172.285	12,86
Intermediate premiums (AV+AG)	6.154.747.805	-

Analysing the structure of the premiums intermediated by the insurance brokers on life insurance classes it is noticed that in 2017, the largest share in the total premiums for this category belong to *Life insurance, annuities and additional life insurance* (84.68%).

Regarding the structure of the premiums intermediated by insurance and/or reinsurance brokers on general insurance classes, it is noticed that in 2017 the largest share in the total premiums for this category is held by the Civil Liability Insurance for Vehicles (56.29%) in 2017,

As far as the company is concerned, the degree of intermediation related to the two categories of insurance is as follows:

Indicator	Year 2017		
	Total market (lei)	Total company (lei)	Company degree of intermediation (%)
<i>Life insurances</i>	202.676.819	1.055.320	0,52
<i>General insurances</i>	5.952.070.986	338.757.772	5,69

Thus, it is noted that the Company has provided premiums for life insurance in the amount of 0.52% and premiums related to general insurance in the proportion of 5.69%.

BUSINESS POTENTIAL - CUSTOMER CLASSES

The main classes of clients to which the Issuer provides insurance intermediation and other related services are set out as follows:

Client category /year	2016		2017	
	Number of clients	Premiums (lei)	Number of clients	Premiums (lei)
Clients: legal entities	171.300	165.013.131	186.001	132.955.087
• Life insurances	250	296.984	187	635.839
• General insurances	171.050	164.716.147	185.814	132.319.248
Clients: individuals	754.612	195.155.663	902.774	206.858.005
• Life insurances	8.429	437.870	931	419.481
• General insurances	746.183	194.717.793	901.843	206.438.524
TOTAL	925.912	360.168.794	1.088.775	339.813.092

In 2016, individual customers hold a significant share (81.49%) in the total number of clients. The largest share of total premiums intermediated by the Company in 2016 is held by the intermediate premiums for individuals (54.18%). This trend continued in 2017, while the individuals continued to have the highest share (82.92%) in the total number of clients, most of the premiums being intermediated at their level (60.87%). (60.87%). At the same time, the premiums for individual clients increased by 5.99% in the year 2017 compared to 2016.

At the end of 2017, the premiums intermediated at the level of corporate clients hold a share of 39.13% from the total premiums intermediated by the Company. At corporate clients' level, the volume of the Company's intermediate premiums had an unfavourable development. Premiums for corporate clients declined by 19.43% in 2017 compared to 2016.



1.4.PERSONNEL ASPECTS

The evolution of personnel and the training thereof in year 2017 compared to 2016 is as follows:

Number of employees (at the end of the year)	2016	2017
Economists	19	16
Informaticians	1	1
Lawyers	3	3
Other professions - long-term higher education, of which:	3	6
Other professions - short-term higher education, of which:	2	2
Medium Studies (Technical Profile)	0	0
TOTAL	28	28

An analysis of the number of staff at the end of 2017, compared to the same period of the previous year, shows that the number of employees is maintained. Also, in terms of the structure of the existing staff at the end of 2017, there were changes in the number of economists (decrease by 15.78%) and in other professions - long-term higher education (increase from 3 to 6 people).

The evolution of the average number of employees as well as the remuneration related to them at the end of 2017 is shown below:

Indicator	On 30.06.2017		ON 31.12.2017	
	Number of persons	Remuneration (lei)	Number of persons	Remuneration (lei)
Management	2	149.306	2	298.148
Sales	10	252.919	10	446.775
Administrative	15,5	451.823	15,5	917.519
TOTAL	27,5	854.048	27,5	1.662.442

Also, the salary expenses and the related contributions registered by the Company in the year 2017 are as follows:

Indicator	La 01.01.2017	La 31.12.2017
Expenses on personnel remuneration	1.595.556	1.770.860
Expenses on meal vouchers	86.567	57.219
Expenses on insurance and social protection	362.310	441.964
Expenses on staff training	-	2.211
TOTAL	2.044.433	2.272.254

Regarding the remuneration of the members of the Board of Directors and of the executive management respectively, it is presented as follows:

Indicator	La 31.12.2016	La 31.12.2017
<i>Board members</i>	<i>136.590</i>	<i>109.906</i>

Niculae Dan (Chairman CA)	129.090	80.145
Tuica Gabriel Alexandru (Member)	7.500	8.504
Deneş Daniela Tasia (Independent member)	-	21.257
Executive management staff	129.090	138.861
TOTAL	265.680	248.767

2. TBK ON THE CAPITAL MARKET

2.1.TBK LISTING

The shares of Transilvania Insurance Broker entered on 2 November 2017 on the main stock market of the Bucharest Stock Exchange under the TBK stock exchange symbol. Transilvania Broker becomes the first insurance brokerage company listed on the BSE.

The company was listed as a result of a secondary initial public offering in which 625,000 shares representing 25% of the share capital were sold.

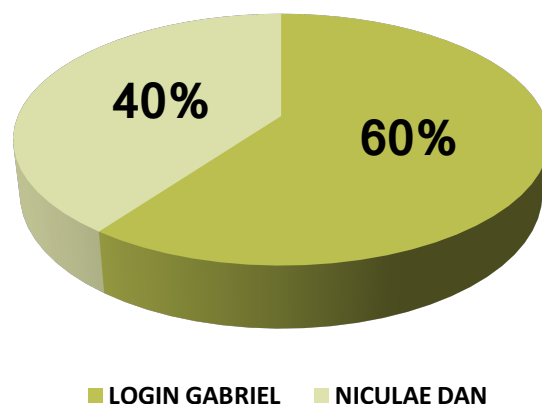
The bidding period was set at 8 working days (24.10.2017-02.11.2017), but due to the very high interest of the investors in the company's shares, the offer was closed early on the second day of the run as due to oversubscription of the offer.

Thus, the offer was closed after a day and a half as a result of reaching a subscription level of over 270%, with over 800 orders placed by institutional and retail investors. Within the offer was subscribed a volume of almost 1.7 million shares, out of which 99.5% were subscribed to the maximum value of 15.5 lei-share.



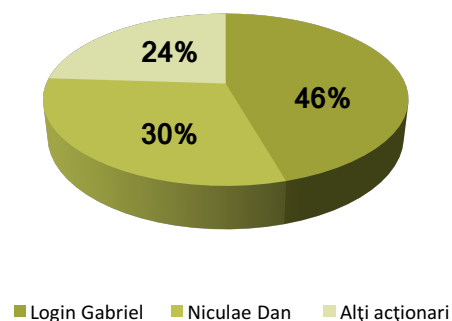
2.2 THE SHAREHOLDERS STRUCTURE

Until the listing of the company's shares (02.11.2018), the shares of the Company were held by 2 shareholders, as follows:



After the admission to trading, according to the shareholder register kept by the Central Depository S.A., the synthetic shareholding structure on 31.12.2017 was the following:

Indicator	Shares	Percent (%)
<i>Login Gabriel</i>	1.138.778	45,5511
Niculae Dan	761.800	30,4720
Other shareholders	599.422	23,9769
TOTAL	2.500.000	100,0000



2.3 INVESTOR RELATIONS

In the context of implementing good corporate governance rules and practices, the Company is engaged in active communication with shareholders and investors, using multiple dedicated communication channels and interfaces.

Transilvania Insurance Broker S.A. is aware of the important responsibility it has in terms

of the quality of publicly traded company. In this respect, the Company focused on transparency, information relevance and rapidity in its dissemination, as well as maintaining a continuous dialogue with the investor. Thus, the shareholders and investors have access to the relevant information for the investment decision by accessing the dedicated section of the Company's website (www.transilvaniabroker.ro).

The Company also maintains contact with investors through regular meetings organized for the submission of results or by electronic mail. According to the financial calendar published at the beginning of the year, the company organizes quarter and annual meetings with shareholders, investors, financial analysts and the specialized press. At the same time, the Company maintains the relationship with the clients through telephone, in this sense on the company's website, the contact details of the designated person are kept on the Company's website to maintain the relationship with the investors.

2.4 TBK share development

During the five months following the admission to trading of the Company's shares, the development of the price per share is as follows:



During the five months, as can be seen in the chart above, the Company's share has marked both a favourable development and an unfavourable development for investors. However, TBK's share is of interest to investors, especially under the promising potential

of the Company.

Stock exchange data for the first 5 months of trading (Data start: 02.11.2017)	
Indicator	Value
Number of shares	2.500.000
Joint stock	500.000
Nominal value (lei/share)	0,2000
Capitalisation (lei)	32.125.000
Price per share	12,85

According to the above information, after 5 months from trading, the Company's capitalization is of RON 32.13 mn, and the value of a fixed market share is 12.85 lei / share.

2.2.DIVIDENDS

The Company has adopted a dividend policy as a set of directives relating to the distribution of net profit, which the Company declares to comply with, stating the following relevant principles related to dividend policy:

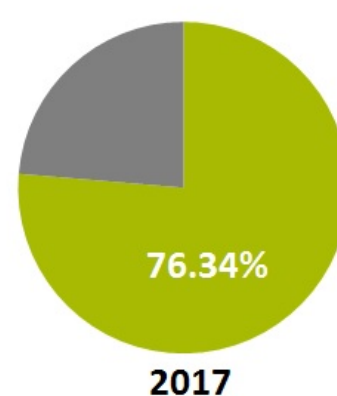
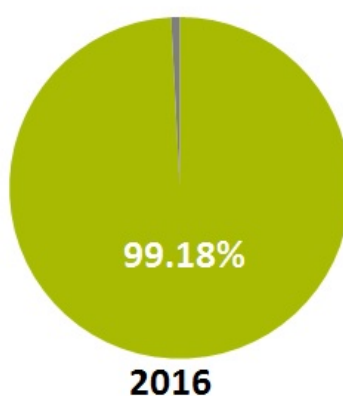
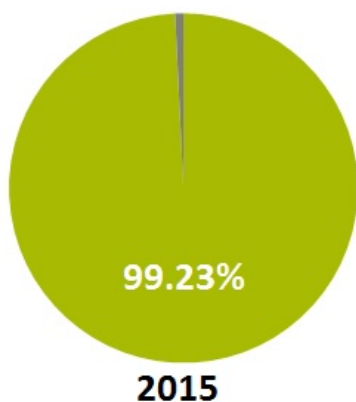
- (1) The Company acknowledges the rights of shareholders to be remunerated in the form of dividends as a form of participation in the net profits earned from operating activities and as an expression of the remuneration of the capital invested in the Company;
- (2) In substantiating the proposal on the distribution of net profit during a financial year, the Board of Directors of the Company will consider a balanced distribution of the net profit between the shareholder's share in the form of dividends and the share retained by the company for investments, in accordance with the principles of prudent management and in order to ensure the sustainable development of the Company in the medium and long term;
- (3) The dividends due to the Company's shareholders will be distributed exclusively from the net profit for a financial year acknowledged on the basis of applicable accounting regulations and audited under the law, in compliance with other relevant legal provisions;
- (4) The distribution of dividends due to shareholders can be done by cash payment or by offering free of charge shares, as a result of the capitalization of net profits accrued by the Company. In any event, the proposal for the distribution of dividends will be made by the Board of Directors of the Company by issuing

financial statements in this respect to the investors. The decision regarding the approval of the distribution of dividends belongs to the General Meeting of the Shareholders, adopted according to the law.

The dividend policy is published on the Company's official website (www.transilvaniabroker.ro).

From the profits recorded during 2015-2017, the Company paid the existing capital owners, by providing dividends, as follows:

Year	Profit (lei)	Value of distributed dividends (lei)	Allotment rate (%)
2015	3.259.334	3.234.334	99,23%
2016	3.051.681	3.026.681	99,18%
2017	3.405.622	2.600.000	76,34%



3. DISPUTES

The Company declares that there are no governmental, judicial or arbitration procedures concluded, on-going, or potentially likely to have or have recently had significant effects on the financial position, financial performance or cash flows.

The Company's management believes that the disputes in which it is involved at the date of the financial statements will not have a significant impact on the Company's operations and financial position. However, the Company's financial statements showed a contingent liability amounting to 2,312,582 RON.

The following is a summary of the Disputes in which the Company is involved:

Year	File no./year	Subject of the dispute	Procedural stage	Processual quality	Financial impact
2017	6343/303/2017	Claims	Appeal	Applicant	6.950,58 lei
	11402/299/2017	Claims	Fond	Applicant	6.212,40 lei
	2564/328/2017	Contravention assessment record annulment	Appeal	Intervenient	-
	6050/245/2017	Claims	Appeal	Applicant	1.843,20 lei
	4264/280/2017	Claims	Merits of the case	Applicant	7.886,70 lei
	6049/245/2017	Claims	Merits of the case	Applicant	4.699 lei
	3006/112/2017	Claims	Merits of the case	Defendant	2.117.832,72 lei
	4262/280/2017	Claims	Merits of the case	Applicant	28.056,60 lei
	16407/197/2017	Contravention assessment record annulment	Merits of the case	Intervener	-
	11528/288/2017	Contravention assessment record annulment	Merits of the case	Intervener	-
727/303/2017	Contravention assessment record annulment	Merits of the case	Intervener	-	
2016	7795/190/2016	Claims	Merits of the case	Defendant	78.000
	10800/288/2016	Claims	Merits of the case	Applicant	-
	9844/320/2016	Contractual liability action	Merits of the case	Applicant	-
	19966/301/2016	Claims	Merits of the case	Applicant	-
	4281/190/2016	Claims	Merits of the case	Applicant	-

2015	5916/94/2016/a1	Measures and exceptions ruled by the judge of first instance, extension of the right of circulation	Merits of the case	Responsible party and the insurer	-
	5916/94/2016	Bodily injuries, extension of the right of circulation	Merits of the case	Responsible party and the insurer	-
	5357/280/2016	small claims procedure	Merits of the case	Defendant	5.280,60
	92/122/2012	Ltd insolvency procedures	Merits of the case	Creditor	-
	11/279/2016	Claims	Merits of the case	Defendant	40.408,75
	10789/3/2013	Claims	Appeal	Applicant	-
	92/122/2012/a25	Ltd insolvency procedures	Merits of the case	Creditor	-
	1248/190/2015	Contravention assessment record annulment	Appeal	Applicant-claimant	-
	6651/190/2014	Claims	Appeal	Applicant-defendant	33.422,26
	959/93/2015	Ltd insolvency procedures	Merits of the case	Creditor	-
	8445/190/2014	Contravention assessment record annulment	Appeal	Applicant-claimant	-
	1248/190/2015	Contravention assessment record annulment	Appeal	Applicant-claimant	-
	5084/190/2012	Claims	Second appeal	Applicant-defendant	6.622,86

In terms of financial impact, that is of a total of 2.337.215,67 lei. Thus, for 2,312,582 lei, a contingent liability is acknowledged.

4. CORPORATE GOVERNANCE

4.1. GOVERNANCE STRUCTURES

➤ BOARD OF DIRECTORS

The Issuer's Board of Directors has three managers as follows:

- Dl. Niculae Dan, *Chairman, executive member*;
- Dl. Tuica Gabriel-Alexandru, *Non-executive member*;
- Dna. Deneş Tasia Daniela, *Independent non-executive member*;

Members of the Board of Directors of the Company have relevant professional experience to ensure the competent governance processes, as follows:

1. **Dan Niculae**, Chairman of the Board of Directors and General Manager: He is a graduate of the Faculty of Commerce of the Bucharest Academy of Economic Studies (1998), he held the position of Sales Director within the company during the periods 10.02.2010-03.01.2012 and 01.03.2013 respectively -08.06.2017. The professional training is demonstrated by the position of the District Director that was occupied in OTP BROKER (2007-2010), respectively by the position as the Regional Director during 2006-2007 within Pamimai Distribution S.R.L. He also served as a Subsidiary Manager of Standard Nutricia S.R.L. (2004-2006) as well as the Sales Area Manager at Felvio Distribution S.R.L. during 2002-2004.
2. **Gabriel-Alexandru Tuica**, Member of the Board of Directors; he graduated from Petroleum Gas University of Ploiesti - Faculty of Economic Sciences - Specialization Economics of Tourism and Services Trade (2004) and was Deputy General Manager of the Issuer during 10.10.2016 - 08.06.2017. Currently, he is the Administrator within the company. Mr. Gabriel-Alexandru Tuica has an extensive professional experience in the field in which the company operates, namely: Broker Asigurări Collaborator - TRANSILVANIA BROKER DE ASIGURARE S.A., Bistrita - Corporate Support Department -Bucureşti, Insurance Broker Collaborator at GTT BROKER DE ASIGURARE S.R.L. (during 2010-2014), Head of Insurance Service at OTTO BROKER DE ASIGURARE S.R.L. (2008-2010), Insurance Broker (2007-2008) and Insurance Agent (2005-2007) within the OTTO BROKER INSURANCE BRANCH. Gabriel Alexandru Tuica has been working since 2014, he has a relevant professional experience as a Broker Insurance Agent within the corporate support department.
3. **Tasia Daniela Denes**, Independent member of the Board of Directors: She is a graduate of the Faculty of Economic Sciences of "Babeş Bolyai" University,

specialized in Accounting and Management Informatics (1997). Mrs. Tasia Daniela Deneş holds the status of tax consultant, being also a member of the Chamber of Romanian Tax Advisors (since 2008), and a financial auditor, a member of the Chamber of Financial Auditors in Romania (since 2009), she is a judicial tax expert (since 2013) and an accounting expert - member of the Body of Licensed Accountants and Authorized Accountants of Romania.

The company is managed by a Board of Directors which performs all necessary and useful acts for the purpose of carrying out the activity, according to the rules and principles of the unitary system, except those stipulated by law in the competence of the General Meeting of Shareholders. The Board of Directors acts as a collective body on the basis of complete and correct information and may delegate the Company's management rights under the conditions and limits set by the law and the Articles of Incorporation of the Company.

The management of the Issuer is carried out by a Board of Directors whose members are appointed by the Ordinary General Meeting of Shareholders, which also sets the remuneration.

An Executive Administrator is appointed within the Company, namely one who shall act as the General Manager and who is also the Chairman of the Board of Directors. The Board of Directors delegates the management of the company to two directors, a General Manager and an Executive Manager.

The Board of Directors has the following basic competencies, which cannot be delegated to managers:

- establishing the Issuer's main activity and development guidelines
- establishing the accounting and financial control system and approving financial planning
- the appointment and revocation of managers and the determination of their remuneration
- supervising the work of managers
- preparation of the annual report, organizing the General Meeting of Shareholders and implementation of the decisions made
- the introduction of the application for opening the Issuer's insolvency procedure

Also, in accordance with the provisions of the Companies Act, the following attributions may be delegated to the Board of Directors:

- relocation of the Issuer's headquarters
- changing the Issuer's business scope
- founding or cancelling of secondary offices: branches, agencies, representations or other such units without legal personality
- increase of the share capital

The attributions of the Board of Directors received from the General Meeting of Shareholders cannot be delegated to directors.

At the issue date of this Report, the Company is unaware of the existence of agreements, arrangements or family relationships between members of the Board of Directors and other persons for whom they have been appointed as managers. At the same time, the Company is unaware of the existence of litigation or administrative proceedings against members of the Board of Directors in connection with their activity within the company or related to the ability of that person to perform the duties within the company.

Throughout 2017, the Board of Directors of the company has performed with diligence all the necessary and useful documents for reaching the objective of the company.

➤ CONSULTATIVE COMMITTEES

Pursuant to the applicable legal provisions, an Audit Committee is set up within the structure of the Board of Directors of the company, with a consultative role, consisting of two members, as follows:

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

The Audit Committee is formed only by non-executive directors, and at least one member of the Committee is an independent non-executive manager. One of the members of the Committee has experience in applying accounting principles or auditing.

The Audit Committee has the role of assisting the Board of Directors in the performance of its internal audit tasks and a consultative function regarding the company's strategy and policy on the internal control system, internal audit and external audit, as well as controlling the way in which significant risks are administered.

The Audit Committee has the Purpose:

- overseeing audit and risk aspects within the Company;
- verifying and controlling the adequacy, independence and efficiency of internal audit;

- analysing and verifying the accuracy of the Company's financial statements, as well as of other important reports;
- monitoring and verifying the independence, objectivity and efficiency of the external auditor;
- closely monitor the Company's risk profile and major exposures and provide relevant information to the Board of Directors on a regular basis.

The Audit Committee has the authority to rule or authorize investigations that are deemed necessary in relation to matters within its area of responsibility.

The Committee will regularly report to the Council on its work, the Committee has the attributions and responsibilities set out in the Internal Regulation of the organization approved by the Board of Directors.

The main activities carried out by members of the Audit Committee in 2017 are with reference to:

- Monitoring the effectiveness of internal/managerial and internal audit systems;
- Monitoring the relations with the external auditor, supervising the final financial reports of the Company.

A major concern of the Audit Committee was the need for a better understanding of the company and its activities to fulfil its supervision role, including internal control, fraud risks and financial reporting risks.

The internal control is one of the key elements of an effective financial reporting process and consists in maintaining an appropriate control environment because the control environment sets the tone of the organization and helps to raise staff awareness related to the role of internal control.

The effectiveness of the internal/managerial control system is reflected by the results obtained from the assessments made within the Company's compartments of the following elements of internal control, in which the internal management and control standards are grouped: Control Environment, Performance and risk management, control activities, information and communication, assessment and auditing.

The Audit Committee discussed with the internal and external auditors of the Company on the overall purpose and plans for those audits. For this purpose, the audit committee meets with the internal auditor and the external auditor to discuss the results of the examinations, their assessment of the company's internal control, and the quality of financial reporting.

Based on the audits, checks, discussions, findings and corrective actions that were presented in the Audit Committee's Report to the Board of Directors, the Audit

Committee recommended management, and it approved that the audited financial statements be included in the Annual Report the financial year ended 31.12.2017.

Members of the Audit Committee held a significant role in the Company's activity in 2017, trying to find ways to evolve, to use best practices to achieve the targets.

➤ EXECUTIVE MANAGEMENT

The Executive Management of the Issuer is ensured by two managers, namely:

- ✓ General Manager (Mr. Niculae Dan who is also the Chairman of the Board of Directors), who supervises:
 - Executive Manager (Mr. Login Gabriel);
 - Financial and accounting department manager (Mrs. Camelia Mariana Login);
 - Manager of Law Department (Mrs. Adriana Denes);
 - Claims Manager (Mr. Eugen Stoica);
- ✓ Executive Manger (Mr. Login Gabriel), who supervises:
 - Head of insurance and network support services (Mrs. Tara Liliana Maria);
 - Head of Corporate Insurance (Mr. Cotiac Ion);
 - Head of life and health insurance (Mrs. Rocas Pop Anca Ramona).

The General Manager and the Executive Manager of the Company have relevant professional experience to ensure the effectiveness of governance processes, as shown:

1. **Dan Niculae**, Chairman of the Board of Directors and General Manager, information on professional experience being presented at the Board of Directors section of this report.
2. **Login Gabriel**, Executive Manager: is a graduate of the Faculty of Mechanical Engineering of Transilvania University of Brasov, licensed in Road Vehicles (1995). Mr Login Gabriel enjoys extensive professional experience in the field in which the Company operates, namely: Insurer of Damages at Astra Asigurări Bistrita Branch (1998-2000), Branch Manager at Roumanie Assurance International (2000-2001), Branch Manager at BCR Asigurări SA (between 2002-2006)., Mr. Gabriel Login works since 2006, within the company and he has been the sole Administrator and Managing Director from 01.06.2007-31.05.2017 currently holding the Executive Manager position, he has a relevant professional experience in organizing, managing and directing the activity of the company.

The executive management is appointed by the Board of Directors of the Company and informs the Board of Directors on the work done between its periodic meetings. At the same time, the executive management is authorized to lead and coordinate the

Company's day-to-day business and is vested with the competences to bind the Company's responsibility as an insurance broker.

The General Manager has the power to represent the Company and also, he is appointed to manage day-to-day activity of the Company. In his absence, such duties will be exercised by his duly representative, in this case the Executive Manager.

The two managers have the responsibility to take all necessary measures for the management of the company, within the limits of the company's main activity and with respect to the exclusive competencies reserved by the law or by the Articles of Incorporation, the Board of Directors and the General Meeting of Shareholders.

In exercising their powers, the two managers may issue decisions as the < Company's executive manages > in the sense of the Companies Act, Law 32/2000 on the activity and supervision of intermediaries in insurance and reinsurance, as subsequently amended and supplemented and Norms issued by the Financial Supervisory Authority (ASF) on the authorization and operation of insurance and/or reinsurance brokers. The senior executives of the company are responsible for fulfilling all the conditions set by the law, including the qualifications, integrity, reputation and professional experience established by the applicable rules, issued by the Financial Supervisory Authority (ASF).

The duties, responsibilities and powers of directors are those specified both in the Company's Articles of Incorporation and in the contracts concluded between them and the Company and in the Company's Rules of Organization and Operation.

At the date of issue of this Report, the Company is unaware of the existence of family ties between Executive Managers. At the same time, at the level of the company there are the following family relationships: (i) Login Gabriel (Executive Manager) and Ms. Camelia Mariana Login (Financial and Accounting Department Director), the two are husband and wife; (ii) between Mrs. Deneş Daniela Tasia (Administrator and Chairman of the Audit Committee) and Mrs. Adriana Denes (Legal Department Manager), the two are sisters-in-law.

➤ MANAGEMENT OF COMPARTMENTS

The management of the compartments is carried out by the chief managers, as follows:

1. *The Manager of the Financial and Accounting Department (Mrs. Camelia Mariana Login)* is appointed by the Board of Directors and may be revoked by the Board if the activity does no longer justifies the continued assignment of the entrusted mandate. The Director of the Financial-Accounting Department operates under the supervision of the Board of Directors, that is responsible towards the company for the facts that may be harmful. The responsibility of the Board of Directors does

not remove the responsibility of the Manger of the Financial-Accounting Department who directly caused the damage. The Director of the Financial and Accounting Department is in charge of the Accounting Service, Payments Service, Validation Service, Billing and Commissioning Service.

2. **The Manager of Law Department (Mrs. Adriana Denes)** is appointed by the Board of Directors and may be revoked by the Board if the activity performed does not justifies the continued assignment of the entrusted mandate. The Manager of Law Department operates under the supervision of the Board of Directors, which is responsible for the company for its detrimental acts. The responsibility of the Board of Directors does not exclude the responsibility of the Manager of Law Department who directly caused the damage.
3. **Claims Manager (Mr. Eugen Stoica)** is appointed by the Board of Directors and may be revoked by the Board if the activity performed does not justifies the continued assignment of the entrusted mandate. The Claims Manager carries out his work under the supervision of the Board of Directors, which is jointly and severally liable to the Claims Manager against the company for the facts that may cause damage. The responsibility of the Board of Directors does not exclude the responsibility of the Claims Manager who directly caused the damage. The Claims Manager supervises an inspector.

➤ **INTERNAL AUDIT**

There is a position of internal audit within the Company, which is organized according to the law and norms developed by the Chamber of Financial Auditors of Romania, which is outsourced.

The Internal Auditor of the Company is appointed and revoked by the Ordinary General Meeting of Shareholders that will also determine the duration of the audit contract.

The internal auditor of the Company is AMNIS AUDITEVAL S.R.L., an audit firm authorized by the Chamber of Financial Auditors of Romania by authorization no. 1334/2016, with its headquarters in Valea Viilor, Sibiu County, Phone 0765.156.676, registration number at the Trade Register Office J32 / 1038/2016, VAT no. 36395912. According to the OGM decision no. 2 of 08.06.2017, the internal auditor AMNIS AUDITEVAL S.R.L., was appointed for a period of 2 years.

The main activities carried out by the internal auditor in 2017 are with reference to:

- Assess the effectiveness and adequacy of internal control system as well as the application and effectiveness of risk management procedures, with regard to issues related to:

- o Assessment of internal control organization;
- o Assessing the performance and risk management from the entity;
- o Evaluation of the entity's data and communication system;
- o Assessment of the control activities carried out within the entity;
- o Assessment of the monitoring activity by the entity's management of the internal controls;
- Internal Audit for the validation activity, tracking matters related to:
 - o Verifying and confirming the payment of policies intermediated by brokerage assistants;
 - o The management of policies intermediated by brokerage assistants and paid directly into the accounts of the insurance companies;
 - o Managing the ascertained irregularities related to the activities carried out by the brokerage assistants;

In conducting the internal audit engagements, the members of the internal audit team were independent of the company and no elements were identified that would affect the independence of the auditors, there were no conflicts of interest or incompatibilities in relation to the performance of the missions, there have been prerequisites for ensuring freedom from any conditions that could have threatened the capacity of internal audit activity and fulfilling the responsibilities in an unbiased manner and carrying out missions under objective circumstances;

Following the assessment of the company's internal control system, the internal auditors concluded that:

- ✓ The internal control and risk management systems implemented within the audited structure are generally designed and operated in such a way that the objectives of the company are achieved with reliability;
- ✓ The key risks are identified and managed in an effective manner;
- ✓ The identified weaknesses expose the company to a generally low residual risk to the environment.

By the internal audit missions directed in 2017, and by the recommendations made - recommendations accepted and implemented by the company's management – the internal audit has contributed to the improvement of the company's operations, in particular by improving the risk management and internal control process.

➤ EXTERNAL AUDIT

The Financial Auditor prepares the Audit Report on the Annual Financial Statements, in which he states his opinion, indicating whether the Annual Financial Statements present a true and fair view of the financial position, financial performance and other information

related to the business carried out according to the professional standards of the Chamber Financial Auditors in Romania. The financial auditor's report, together with the opinion, shall be submitted to the General Shareholders Meeting and it shall be published together with the Company's Annual Financial Statements.

The Ordinary General Meeting of Shareholders may approve the Annual Financial Statements only if they are accompanied by the Financial Auditor's Report.

The Financial Auditor of the Company is appointed and dismissed by the Ordinary General Meeting of Shareholders, that will also determine the duration of the financial audit contract, which may be renewed in compliance with the ethics requirements applicable to Financial Auditors.

The statutory (external) auditor of the Company is RAO AUDIT OFFICE S.R.L., an audit firm authorized by the Chamber of Financial Auditors of Romania through the authorization no. 1237, headquartered in Tirgu Mures, Str. Dr. Emil Dandea, no. 1, Mures County, registration number at the Trade Register Office J26 / 1031/2014, VAT no. RO 33761083. According to the OGM decision no. 1 of 08.06.2017, the duration of the contract of the statutory auditor (external) RAO AUDIT OFFICE S.R.L., was established for a period of 2 years.

According to the Independent Auditor's Report presented, the Company's Annual Financial Statements give a true and fair view of the Company's financial position as of 31 December 2017 and of its financial and cash flow statement for the year then ended, in compliance with the accounting regulations applied, namely Norm 36/2015 for the approval of the Accounting Regulations on the individual annual financial statements and the consolidated annual financial statements applicable to insurance and/or reinsurance brokers.

4.2.RISK MANAGEMENT

All companies, regardless of their size, structure, nature or branch of activity, face various risks from internal or external sources that need to be managed. As economic, legal and operational circumstances evolve, the management must respond to the challenge of creating the necessary mechanisms for identifying and managing the risks associated with these changes. Risk identification and analysis is a continuous process and a critical component for an effective internal control.

Clearly being aware of threats makes it possible to prioritize them depending on whether they occur, the scale of their impact on objectives and the costs involved in order to reduce

their chances of occurrence or to limit the unwanted effects. Establishing the hierarchies represent the support of introducing a priority order, in terms of resource allocation, even if in most cases such resources are limited, following a cost-benefit analysis or, more generally, effort-effect one. It is essential that the organization focuses its efforts on what is really important, rather than dispersing its resources in areas that are irrelevant to its goals. At the same time, periodic risk review leads to resource reallocations, in line with changing hierarchies and, implicitly, priorities. In other words, risk management involves concentrating resources in the areas of current interest.

Following a risk analysis, the management should define and apply appropriate control mechanisms to ensure the efficient and effective use of the entity's resources, including human resources, to ensure the protection of assets and the accounting reports, and of compliance with the applicable laws and regulations.

The risk management is carried out by staff at various levels, and it is conducted by the management and a certain number of staff involved in setting the strategy for the entire Company.

The process is designed to identify potential events that may affect the organization and manage future risks in order to provide an appropriate level of assurance as to the achievement of objectives.

The internal control and risk management systems implemented are generally designed and operated in such a way that the Company's objectives are met with consistency.

The written description of the operational control procedures and the actual exercise of the control by the executive management ensure the management and supervision of the risks to which the Company is exposed.

The elaboration of the procedures was carried out on the basis of the legislative and normative framework. The enhancement of the specific activities was meant, but also the internal control activities (self-control, hierarchical control) were included on the operational flow and the key points of the activities set the responsibilities on performance levels and on the stages of the processes that are carried out (drafting, elaboration, notice, approval).

➤ **Market risk (currency risk, interest rate risk, price risk)**

Market risk is the current or future risk of adverse profits, driven by fluctuations in prices, interest rates, and currency fluctuations. As for the currency risk, the Company is very little exposed, its assets being denominated in national currency.

Interest rate risk affects to a lesser extent the financial results, interest costs representing only 0.002% of total spending.

The price risk may arise due to price inconsistency over time between the time of the contract is concluded and the moment of payment of the amount stipulated in the contract. This risk may occur especially in the case of long-term contracts.

As of the price risk, the price level is correlated with the realities of costs, involved in the provision of services, and the contracts are performed within a relatively short period of time so that the company is affected by this risk.

➤ Credit risk

The credit risk represents the Company's risk of incurring losses as a result of the insolvency of its debtors. The credit risk expresses the possibility for debtors not to meet their obligations at maturity date, due to the decline of the financial situation or as a result of the general economic situation.

The company seeks to limit credit risk towards its customers by setting credit limits and monitoring outstanding debts.

A credit quality assessment procedure was set up to identify possible changes in customer creditworthiness, including regular analysis of the duration of the claim. The payments dates for claims are carefully monitored and the claims to be cashed are tracked, after the payment deadlines have expired.

Another solution for managing the Company's credit risk is to transfer this risk (a beneficial option to financial risks) through a surety clause.

➤ Liquidity risk

The Company manages liquidity risk by maintaining cash, continuously monitoring the estimated and effective cash flows and reconciling the maturity dates of financial assets and liabilities.

The financial risks are significant risks that remain in management's permanent attention and may be failures in financial planning, budgetary control, fund management, or inaccurate or inappropriate monitoring or reporting.

The Company's Policies and Objectives on Financial Risk Management.:

- Maintaining a low risk of debt collection, by compliance with the internal procedures adopted to achieve this objective;

- Ensuring a balance between the receivables' retrieval period and the pay-out period;
- Tracking and collection of receivables, secure payments, through the best collaboration between departments within the company;
- Procedures and key control mechanisms designed to detect financial risk operations.

➤ **Strategic risks**

These risks affect medium and long-term goals, they are directly related to the entity's development strategy and are associated with its strategic objectives.

Due to the attitude of management, the Company is prepared to respond to the effects of political, economic, social and customer changes (ability to identify the changing needs of customers), all of which are specific categories of strategic risks.

➤ **General risks**

The general risks are those risks that are directly related to the Company's main activity. The activity of the Company is a specific one, with its particularities (own accounting norm, specific reporting requirements).

Since the Company went from being a company with a limited capital structure to that of a listed company on the capital market (with public capital) it confronts with the particularities of the capital market trading, with problems related to the listing on the stock exchange and changing the form organization.

Within the Company, monitoring the legislative changes is carried out at the level of each section, in collaboration with the Law Department. Changes in accounting legislation and regulations are monitored at the level of the Financial and Accounting Department and the changes are transposed into the accounting procedures applied to the department.

4.3.OTHER ASPECTS

The Company adheres to and applies voluntarily the Corporate Governance Principles provided by the Corporate Governance Code of BSE - applicable to issuers admitted to trading on the regulated market of the Bucharest Stock Exchange.

In this respect, the Statement of Compliance with the Corporate Governance Principles stated in the Corporate Governance Code of the BSE - applicable to issuers admitted to trading on the regulated market of the Bucharest Stock Exchange, is made.

Code	Provisions to be complied with	Full compliance	Partial compliance	Non-compliance	Reason for non-compliance
Section A – Responsibilities of the Board of Directors (Board)					
A1.	The company must have an Internal Council Regulation (Corporate Governance Regulation) including terms of reference/responsibilities of the Board and key management positions of the Company. The Regulation will define a clear policy on the delegation of competences, which will include a formal list of matters reserved for the Board Decision and a clear separation of responsibilities between the Council and the Executive Board.	x			
A2.	The conflict of interest management at Board level should be provided in the Corporate Governance Regulation. In this respect, the members must notify the Board of any conflicts of interest that have arisen/may arise. At the same time, members of the Board should refrain from attending the discussions and voting for the adoption of a ruling on the matter that incites to a conflict of interest.	x			
A3	The Board must have at least five members.			x	First BD
A4.	Most Board members must be non-executive, and at least one member must be independent. Each independent member of the Board at the time of nomination for the election/re-election, and when any change is made to its status, must submit a statement setting out the elements considered for the purpose of determining its independence. When determining the independence, the following criteria shall be taken into account:	x			
A4.1.	He/she is not the Managing Director of the company or a company controlled by him/her and he/she did not occupy such a position in the last five years.	x			
A4.2.	He/she is not an employee of the company controlled by him/her and he/she did not occupy such a position in the last five years.	x			
A4.3.	He/she did not receive or receive any additional remuneration or other benefits from the company or a company controlled by him/her, apart from those related to the non-executive administrator	x			
A4.4.	He/ she is not or has not been an employee, has or has not had a contractual relationship in the previous year with a significant shareholder of the company who controls over 10% of the voting rights or with one of his/her controlled company.	x			
A4.5.	He/she has not and did not have a business or a professional relationship with the company or a company controlled by him/her, either directly or as a client, partner, shareholder, member of the Board, general/executive director or employee of a company if,	x			

	by virtue of its substantial nature, that relationship is likely to affect its objectivity.				
A4.6.	He/she is not and has not been for the past three years the external or internal auditor or partner or associate employee of the current external financial auditor or the internal auditor of the company or a company controlled by him/her.	x			
A.4.7	He/she is not the Managing Director of another company where another Managing/executive Director of the company is the non-executive administrator.	x			
A.4.8	He/she has not been a non-executive manager of the company for more than twelve years.	x			
A.4.9	He/she has no family ties with a person in the situations mentioned in A.4.1. and A.4.4.	x			
A5.	Any other professional engagements of the members of the Board of Directors, including executive or non-executive board members in other companies (excluding Company subsidiaries) and non-profit institutions, shall be brought to the attention of the Board prior to the appointment and during the mandate.	x			
A6.	Each member of the Board must report to the Board on any connexion/relationship with a shareholder directly or indirectly owning shares representing more than 5% of all voting rights . This obligation refers to any kind of connexion/relationship that may affect the member's position on matters decided by the Board.	x			
A7.	The company must designate a Board Secretary responsible for supporting the work of the Board.	x			
A8.	The Corporate Governance Statement will inform whether a Board assessment has taken place under the chairmanship of the President and, if so, will summarize the key measures and the resulting changes.		x		Under implementation
A9.	The corporate governance statement should contain information on the number of Board and committee meetings over the past year, the participation of administrators (in person and in absentia) and a report by the Board on their activities.	x			
A10.	The corporate governance statement should include information on the exact number of independent members of the Board of Directors or the Supervisory Board.	x			
Section B – Risk management and internal control system					
B1.	The Board should set up an audit committee in which at least one member should be a non-executive independent administrator. Most members, including the Chairman, must have demonstrated that they have appropriate qualifications relevant to the positions and responsibilities of the Committee. At least one member of the audit committee must have appropriate audit or accounting experience.	x			
B2.	The Chairman of the Audit Committee shall be an independent non-executive member.	x			
B3.	As part of their responsibilities, the Audit Committee must carry out an annual assessment of the internal control system. The assessment should take into account the effectiveness and coverage of the internal audit position, the adequacy of the risk management and internal control reports submitted to the Council's Audit	x			

	Committee, the promptness and effectiveness with which the executive management addresses the deficiencies or weaknesses identified in the audit internal reports and the submission of relevant reports to the Board.				
B4.	The Audit Committee should assess the conflicts of interest in relation to the transactions of the company and its subsidiaries with the related parties.	x			
B5.	The Audit Committee should assess the effectiveness of the internal control system and risk management system.	x			
B6.	The Audit Committee should monitor the application of generally accepted legal standards and auditing standards. The Audit Committee should receive and evaluate internal audit team reports.	x			
B7.	The reports or analyses initiated by the Audit Committee should be followed by regular reports (at least annually) or ad hoc reports to be submitted to the Board.	x			
B8.	No shareholder may be granted preferential treatment over other shareholders in connection with the transactions and agreements signed by the company with shareholders and their affiliates.	x			
B9.	The Board will adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relationships (affiliated/linked) whose value is equal to or greater than 5% of the net assets of the company financial report) is approved by the Board following a binding opinion of the Board's Audit Committee and properly disclosed to shareholders and potential investors to the extent that such transactions fall within the category of events subject to the reporting requirements.	x			
B10.	The internal audit should be performed by a separate division in terms of the organizational structure (Internal Audit Department) of the Company or by the contract of services provided by an independent entity (audit company). The internal audit or the audit company will report directly to the General Manager and, as the case may be, to the Board.	x			
Section C – Unbiased reward and motivation					
C1.	The company will publish a remuneration policy on its website and will publish in the Annual Report a section that will include the total revenue of the members of the Board and the General Manager- and the total amount of all bonuses or any variable compensation, including key assumptions and principles for calculating them.	x			Under implementation
Section D – added value by investor relation					
D1.	The company must organize an Investor Relations Service made public by the responsible person. In addition to the information required by law, the Company must include on its website a section dedicated to Investor Relations in Romanian and English, which will present all relevant information of interest to investors, including:	x			

D1.1	The main regulations of the Company, in particular the Articles of Incorporation and the internal regulations of the statutory bodies.	x			
D1.2	CVs of statutory body members.	x			
D1.3	Current reports and periodic reports.	x			
D1.4	Data on general shareholders' meetings: the agenda and the related materials; decisions of general meetings.	x			
D1.5	Information on corporate events such as the payment of dividends or other events that result in obtaining or limitations on the rights of a shareholder, including the deadlines and the principles of such operations.	x			
D1.6	The Company must have a position as an Investor Relations Service and include in the section dedicated to this position, on the Company's website, the names and contact details of a person who is capable of providing, upon request, appropriate information.	x			
D1.7	Presentations of the company (presentations for investors, these can be quarterly, semi-annual, annual), audit reports and annual reports.	x			
D2.	The Company must adopt a dividend policy proposed by the General Manager or Directorate and adopted by the Board as a set of directives/principles relating to the distribution of net profit. The dividend policy must be published on the Company's website.	x			
D3.	The company must adopt a policy on forecasts, indicating whether or not they will be provided. Forecasts are quantified conclusions of studies aimed at determining the overall impact of a list of factors relating to a future period (hypotheses). The policy must specify the frequency, the period considered and the content of the forecast. If published, the forecasts will be part of the annual, semi-annual or quarterly reports. The forecasting policy will be published on the Company's website.	x			
D4.	The company must set the date and place of a General Meeting to allow the participation of as many shareholders as possible. The rules of General Shareholders' Meetings should not limit shareholders' participation in general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest, starting with the next shareholders meeting.	x			
D5.	The external auditors will be present at the General Meeting of Shareholders when their reports are presented at these meetings.	x			
D6.	The Board will give a brief assessment to the Annual General Meeting of Shareholders on the internal control and risk management systems as well as opinions on matters subject to the decision of the General Meeting.	x			
D7.	Any specialist, consultant, expert, or financial analyst may attend to the Shareholders' Meeting on the basis of a prior invitation from the Board. Accredited journalists may also participate in the general Meeting of Shareholders, unless the Chairman of the Board decides otherwise.	x			

D8.	The financial reports should include information in both Romanian and English languages on the main factors affecting changes in sales, operating profit, net profit or any other relevant indicator.	x			
D6.	The company must hold at least two meetings/telephone conferences with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the Company's website at the time of that meeting/telephone conference.	x			
D7.	If the company supports different forms of artistic and cultural expression, sport activities, educational or scientific activities and considers that their impact on the innovative character and the competitiveness of the company is part of its mission and development strategy, it will publish the policy regarding its activity in this field.	x			

Other aspects of corporate governance are set out in the Company's Corporate Governance Regulation published on the website.

5. BUSINESS DEVELOPMENTS AND FUTURE PERSPECTIVES

5.1. BUSINESS DEVELOPMENTS

From its founding to the present, the Company's main concern has been to provide full assistance to its customers. The achievement of this principle by the Company was aimed at developing new projects, launching in 2017 a new "TransAsist" roadside assistance product, which offers, besides damage assistance, free towing as well as a spare car in the event of an accident.

TransAsist Auto & Towing Services are offered in emergency mode, covered 24 hours a day, 7 days a week by the assistance company.



"The feedback received from TransAsist customers has been unexpectedly good, which has made us understand that the Romanian market is ready for such a product and ready to invest in complex roadside assistance services.

All these increases and rewards for the Romanian market in 2017 would not have been possible without the support of our agents, partners, customers and investors who have been together and trust in Transilvania Broker."

5.2.FUTURE PERSPECTIVES

"For the year 2018, we will invest more in developing the collaborative network and the bid and customer management system. We plan to increase our team by attracting new collaborators and supporting professional development for our current Agents.

In this respect, we are currently working on a multi-level training project and we develop collaborators' work platform to improve the management and issuance of bids to the customer as well as customer data management (ITP-periodic technical inspection-, rovinieta-road tax- and others) by adding new features to the existing platform."

Our aim for 2018 refers to the development of the Corporate and Life & Health departments, as well as some interactive IT applications oriented towards customers' current needs.

Other important points on the company's agenda to be achieved in 2018 relate to:

- the implementation of the General Regulation on the Protection of Personal Data GDPR
- Focusing on new marketing strategies
- Enhance TransAsist product by adding new benefits

"We want the year 2018 to be at least as full of achievement as 2017. First, we will focus on growing more along with our collaborators, partners, and investors, and we will continue to show our clients the benefits of working with a top insurance broker."

6. THE ACCOUNTING FINANCIAL SITUATION

6.1. ANALYSIS OF THE FINANCIAL POSITION

➤ Statement of the company's assets

Indicators of the financial position (Values are expressed in lei)	01 January 2017	31 December 2017	Variation (+/-)(lei)	Variation (+/-)(%)
Capital assets	230.738	129.879	(100.859)	(43,71)
Intangible assets	21.928	15.954	(5.974)	(27,24)
Tangible assets	183.018	98.850	(84.168)	(45,99)
Financial investments	25.792	15.075	(10.717)	(41,55)
Circulating assets	6.574.889	11.821.715	5.246.826	79,80
Stocks	-	942	n.a	n.a
Debts	2.986.827	4.554.909	1.568.082	52,50
cash and bank accounts	3.588.062	7.265.864	3.677.802	102,50
Expenses in advance	36.489	6.656	(29.833)	(81,76)
Total assets	6.842.116	11.958.250	5.116.134	74,77

- Compared with the beginning of the reporting period, there is an increase of 74,77% of the value of assets, which recorded, an increase of 5.116.134 lei.
- The decrease by 43,71% of fixed assets is due to the reduction in the value of the tangible assets by 45,99%, as a result of the amortization for the current year, respectively a decrease by 41,55% in the value of the financial assets due to the restitution of the loan in the balance at the end of the previous period.
- The decrease in intangible assets by 27,24%, as a result of the amortisations and discarding the assets.
- The increase in current assets (+ 79.80%) was influenced both by the increase of the Company's cash resources by 102.5%, respectively by the amount of 3,677,802 lei and by the increase of receivables (+ 52,50%).

➤ CAPITALS and DEBTS of the company

indicators of the financial position (values are expressed in lei)	01 January 2017	31 December 2017	Variation (+/-)(lei)	Variation (+/-)(%)
Current debts	3.295.439	8.723.850	5.428.411	164,72
Debts linked to the brokerage activity	2.355.489	5.044.351	2.688.862	114,15
Other debts, including the fiscal debts and the social security debts	939.950	3.679.499	2.739.549	291,46
Non-current debts	52.127	-	n.a	n.a
Long-term loans	52.127	-	n.a	n.a
Equities	3.494.550	3.234.399	(260.151)	(7,44)
Signed in and paid capital	150.000	500.000	350.000	233,33
Signed in and not paid capital	350.000	-	n.a	n.a
Reserves	30.000	100.000	70.000	233,33
Reported result, out of which:	(62.131)	(701.223)	n.a	n.a
-from correction of accountancy errors	(62.131)	(701.223)	n.a	n.a
Result of the period	3.051.681	3.405.622	n.a	n.a
Distribution from profit	(25.000)	(70.000)	n.a	n.a
Total capitals and debts	6.842.116	11.958.250	5.116.134	74,77

- The increase in current debts by 164,72%, compared to the beginning of the reporting period, due to the increase in both brokerage debt (+114,15%) as well as other debts, including tax and social security debts (+291,46%).
- The main reason for the reduction of non-current performing debts is in fact that during the year, the Company fully paid the value of the leasing contracts.
- The changes recorded both in current and non-current debts, have influenced the increase in total corporate debt (+160,60%), which has an unfavourable influence on solvency.
- During the reporting period, the Issuer registered increases of equity by 7,44%.

6.2. ANALYSIS OF THE FINANCIAL PERFORMANCE

Indicators of financial performance	On 31.12.2016	On 31.12.2017	Evolution 2017/2016 (lei)	evolution 2017/2016 (%)
Incomes from business	62.497.215	53.906.286	(8.590.929)	(13,75)
Incomes from the brokerage activity	62.492.184	53.835.203	(8.656.981)	(13,85)
Incomes from subventions and other incomes from the business	5.031	71.083	66.052	1.312,90
Expenses from business	58.884.504	49.931.129	(8.953.375)	(15,20)
Expenditures of services provided by third parties	1.705.856	1.273.723	(432.133)	(25,33)
Material expenses	151.313	131.427	(19.886)	(13,14)
Expenses with other taxes and fees and similar payments	188.271	173.037	(15.234)	(8,09)
Personnel expenses	2.044.433	2.270.043	225.610	11,04
Expenses with commissions owe to broker agents	53.991.987	45.544.380	(8.447.607)	(15,65)
Depreciations	174.076	262.605	88.529	50,86
Other expenses	628.568	275.915	(352.653)	(56,10)
Result from business – Profit	3.612.711	3.975.157	362.446	10,03
Financial incomes	2.659	2.692	33	1,24
Interest income	1.833	2.613	780	42,55
Other financial incomes	826	79	(747)	(90,43)
Financial expenses	14.549	2.539	(12.010)	(82,55)
Expenses related to interest	9.652	1.295	(8.357)	(86,58)
Other financial expenses	4.897	1.244	(3.653)	(74,59)
Financial result	(11.890)	153	n.a.	n.a.
Total incomes	62.499.874	53.908.978	(8.590.896)	(13,75)
Total expenses	58.899.053	49.933.668	(8.965.385)	(15,22)
Gross result	3.600.821	3.975.310	374.489	10,40
Expenses on profit tax	549.140	569.688	20.548	3,74
Net result	3.051.681	3.405.622	353.941	11,60

- Incomes from brokerage activity, which are identified with the net turnover, decreased by 8.590.929 lei respectively, by 13.75%, due to the reduction of incomes from the negotiation of insurance contracts (-14,03%).
- During the analysed period, the Company recorded a decrease in subvention from business (-77.45%), and an increase in other operating income of 69,487 lei.
- In this context, the income from business decreased by 13.75% compared to the previous period.
- At the level of total operating expenses there was a decreasing trend, by 15.20%.
- During the reporting period, there were increases in staff expenses (+11.04%), amid salary increases by the Company and amortization and adjustments (+50.86%).
- The dynamics of the income from business and expenses resulted in operating profit of 3,975,157 lei, 10.03% is higher compared to the previous period.
- The decrease of the financial expenses (-82.55%), respectively the increase of the financial incomes (+1.24%), influenced favorably the financial result on 31.12.2017, which showed a profit of 153 lei.
- The gross result at the end of the current period resulted in a profit of RON 3,975,310, up by 10.40%.
- After deducting the profit tax expense, in the current period, the entity obtained a net profit of RON 3,405,622, up by 11.60% compared to the reference period.

6.3. ANALYSIS OF ECONOMIC-FINANCIAL INDICATORS

➤ Liquidity and solvability indicators

Indicator (lei)	01.01.2017	31.12.2017	Evolution (+/-)(%)
General liquidity (Lg)	2,00	1,36	(32,08)
Intermediary liquidity (Lin)	2,00	1,35	(32,09)
Immediate liquidity (Li)	1,09	0,83	(23,51)
General solvency (Sg)	2,04	1,37	(32,84)

- Then liquidity indicators have experienced an unfavourable evolution, lowering the entity's capacity to cover its current debts because of the liquid assets that are due.
- In terms of solvency indicators, there was also an unfavorable evolution as of reducing the financial independence and the self-financing capacity.

Patrimonial solvability (Sp)	0,51	0,27	(47,05)
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➤ Risk indicators

Indicator (lei)	01.01.2017	31.12.2017	Evolution (+/-)(%)
Global indebtedness rate	48,92	72,95	(49,12)

- The increase in the global indebtedness rate reflects the increase in the financial risk to which the Company is exposed.

➤ Profitability indicators and margin rates

Indicator (lei)	31.12.2016	31.12.2017	Evolution (+/-)(%)
Margin of operating result	5,78	7,38	27,68
Margin of gross result	5,76	7,38	28,13
Margin of net result	4,88	6,33	29,71
Return on equity	103,38	122,90	18,88

- Due to the increase in operating profit, gross profit and net profit for the period, at the reporting date 31.12.2017 the profitability indicators registered favorable evolutions compared to the previous reference period.

6.4.ANALYSIS OF CASH FLOWS

indicator (lei)	31.12.2016	31.12.2017
Cash receipts from intermediation	557.687.568	311.146.764
Cash payments from brokerage	556.123.312	302.868.441
Other receipts from various debtors	2.509.733	58.542
Cash payments to suppliers and other creditors	2.181.364	1.283.561
Cash payments to and on behalf of employees	1.834.851	2.169.311
Payments related to special funds from intermediation	183.750	107.358
Other cash payments related to operating activities	1.059.825	459.599
Cash payments representing dividends distributed to shareholders	3.072.617	0
Paid income tax	664.244	497.887
Net cash from operating activities	(4.922.661)	3.819.149
Cash payments for the acquisition of tangible and intangible assets	44.660	48.833
Proceeds from the sale of tangible and intangible assets	16.846	0
Receipts from bank interest	1.834	2.613
Net cash used in investing activities	(25.980)	(46.220)
Cash receipts arising from the issue of shares or other equity instruments	350.000	0
Payments representing reimbursements of funds borrowed by shareholders	0	43.000
Cash payments related to financial leasing contracts	162.230	52.127
Net cash from financing activities	187.770	(95.127)
Increase in cash and cash equivalents	(4.760.871)	3.677.802
Cash and cash equivalents at the beginning of the period	8.348.933	3.588.062
Cash and cash equivalents at the end of the period	3.588.062	7.265.864

- In the annual financial statements that cover the reporting periods ended on 31.12.2018, the Company stated cash flows from operating activities using the straight line method.
- Compared to 2016, at the end of 2017, the operating cash flows were positive 3,819,149.
- The evolution of cash flows from investments gives an insight into the investment projects, strategy and operational plans made by the company during the reporting period.
- In 2017, the company incurred payments related to the investment activity on the acquisition of tangible and intangible assets.
- The evolution of cash flows from financing is correlated with the company's financial management policy. The analysis of these flows highlighted, payments made as a result of the repayment of funds borrowed by shareholders as well as payments related to financial leasing contracts.

Chairman of the Board of Directors,

Mr. Dan Niculae



REPORT
of the
Supervisory Board

for the fiscal year that ended on December 31st, 2017

*in compliance with provisions of Rule,1/2006 the C,N,V,M,- (National Council of Movables)
concerning the issuers and operations with real*



1. Analysis of the commercial activity of the trade company

1.1. Description of the basic activity of the company and date of foundation:

TRANSILVANIA BROKER DE ASIGURARE S.A, is a broking company in the field of insurances that started its activity in November 2006. The company was founded by two shareholders: Mr, Gabriel LOGIN and Mr. Tiberiu Gonczi; the latter withdrew from the company in 2007. In 2008 Mr. Dan NICULAE was brought on board,

The company became a legal entity of private law in compliance with Act 31/1990 as amended from time to time, of Act 32/2000 (activity and surveillance of brokers as amended from time to time) and Act 136/1995 (insurance and re-assurance in Romania) as amended from time to time.

The company carries out specific activities in the field of insurance brokerage and is authorized by the Authority of Financial Surveillance in its capacity of an insurance broker. According to the Memorandum its main object is: Auxiliary insurance activities and pension funds (code CAEN 662) the main subfield of activity refers to “Activities of insurance agents and brokers; negotiations on behalf of clients either private or legal entities, insured or potentially insured, conclusion of insurance agreements and assistance prior the conclusion of a contract or during its carrying out or in connection with the claim of damages, as the case could be (code 6622)”.

1.1.1. Description of any fusion or significant re-organization of the trade company during a fiscal year;

In the period this report is valid there were no fusions, divisions, purchase or other changes in the assets of the company.

1.1.2. Description of purchases and/or sale of assets;

During 2017 we did not remark any significant purchases of assets. Taking into account the specific activity of the company, it is not going to purchase real assets such as land or buildings as they are going to use rented rooms for which they made warranties for which they made warranties like claims.

1.1.3. Description of the main results of the valuation of the company,

TRANSILVANIA BROKER DE ASIGURARE S.A, is one of the first three insurance brokers of Romania with an experience of more than 10 years in the field and that is represented all over Romania in a net of over 1,500 staff members by the help of whom the company carries out its activity in 38 districts in the country. It holds a portfolio of 900 thousand unique clients, physical persons or legal entities.

For the insurance brokers in Romania, 2017 was a year characterised mainly by the provisions offered by brokers when concluding automobile third person insurance (RCA), as this is the most important business line of insurance brokers. This decrease meant a significant decline of their incomes.

In order to diminish the effects, the company undertook measures to restructure the portfolio, that meant that most classes of insurance (insurance: health, life, warrants, financial, agricultural, travel, fire, third party), thus:

- Health insurance: +402%
- Life insurance: +124%
- Warranty insurance: +84%
- Financial insurance +59%
- Agricultural: +50%
- Travel insurance: +19%
- Fire insurance: +14%
- Third party insurance: +8%

This re-structuring of the portfolio led to the fact that the average provision (ratio between the incomes from the brokerage and the whole mediated premiums) of 15,8%, over the market average although the turnover diminished with 13.85% compared with the year 2016, the profit of the company rose with 11.6%,

1.2. Elements of general evaluation

TRANSILVANIA BROKER DE ASIGURARE S,A, issued the financial situations according to the laws if bookkeeping 82/1991 and of Rule 36/2015 to approve the rules concerning the individual financial situations and the consolidated financial situation that are valid for insurance brokers and/or re-assurance valid on December 31st, 2017. The results are:

a) net profit of the current financial year: 3,405,622 lei

b) net turnover: 53,835,203 lei

e) market share: 5,59% at Q3, according to the report published by ASF

f) liquidity:

Indicator	Calculation formula	01.01.2017	31.12.2017
General liquidity (Lg)	AC/Current debts	1.99	1.35
Immediate liquidity(Li)	Available/Current debts	1.09	0.83

The liquidity indicators Lg și Li had a negative evolution as it diminished the capacity of the entity to cover its current debts with the help of circulating assets (Lg) and available (Li),

All economical and financial operations and transactions that are carried out by the company were registered in the base of economic and financial documents that were carried out by the company and highlighted in the accounting registers in compliance with valid legal provisions. The fiscal procedures were applied according to Act 227/2015 (fiscal code) as amended from time to time.

When processing the financial effects of the transactions the Company was involved in from the accounting point of view the company always complied with the principles and rules of accountancy concerning the recognition and valuation of assets. At the date of report and afterwards we could not identify causes that could be the source of endangering the normal course of activity for a reasonable time, thus the hypothesis is confirmed that continuity is granted. One also can state coherence in the use of accounting methods and rules and also in the way asset elements, debts and own capital, respectively the results, in order to assure the possibility to compare the accountancy information during the time. During the report period there could not be found situations of accommodation of assets elements with liabilities, i.e. recognized incomes and operated expenses.

Evaluation of the technical level of the company

Description of the main products and/or services by mentioning:

a) The main business market for each product or service and distribution methods

TRANSILVANIA BROKER DE ASIGURARE S,A, carries out its activities and professional services on the commercial insurance market in Romania.

The main insurance products brokered by the company are concerned with:

- Life insurance;
- Health insurance;
- Accident insurance;
- Road-vehicle insurance;
- Rail-road vehicle insurance;
- Air vehicle transport insurance;
- Insurance of vessels;
- Insurance of goods in transit;
- Home insurance;



- Insurance of buildings and goods that are in the property of legal entities;
- Vehicle insurance;

Professional services offered by the company to clients or potential insurance clients are:

- to identify the risks that can be insured, to analyse, evaluate and manage them;
- recommendations to mitigate or transfer insurable risks;
- analysis of insurance policies that might be in term;
- conceive of an adequate insurance programme;
- negotiation of the insurance conditions and terms, analyses of opportunities of the market from the point of view of the ration quality/price and the choice of the best insurance solution according to the client’s interests;
- management of the insurance contracts for the whole period they are valid and their customizing to the business dynamic of the clients;
- assistance to solve the damages and to get the insurance compensation;
- information about the insurance market in Romania.

b) New products planned for which a substantial volume of assets is to be allocated in the next financial year as well as the development stage these products are in

In 2017 the company launched a new product on the Romanian market [TransAsist. This is the first insurance product of road assistance](#) that offers assistance of damages, car repair, recovery services and car exchange. The services of **TransAsist** are in an emergency regime and are available 24/7 by the assistance company.

1.4 Evaluation of the sales activity

1.4.1 Description of the sequential evolution on the internal and/or external market and sales medium or long term

TRANSILVANIA BROKER DE ASIGURARE S,A, works and ensures professional services on commercial markets in Romania only. The evolution of sale of the company is as follows:

Indicators	On 31.12.2016	On 31.12.2017	Evolution (+/-) (lei)	Evolution (+/-) (%)	Concerning the future sales perspectives (on medium and long term) they depend
Turnover	62,492,184	53,835,203	(8,656,981)	(13.85)	

both on the governmental policy what the risks concern that are going to be insured and the internal policy of the partner insurance companies.

1.4.2 Description of competition situation in the subject of the company, its importance on the market of products or services and its main competitors

In 2017 the company sold its products on the internal market only and covered the whole country minus the districts Caraș-Severin, Vaslui and Teleorman,

The main competitors of the company are:

- SAFETY BROKER DE ASIGURARE S,R,L, who is the number 1 on the market with a quota of 7.34%;
- MARSH-BROKER DE ASIGURARE-REASIGURARE S,R,L, who is number 2 on the market with a quota of 7.15%;
- At the end of term three 2017 the company held place 3 on the market with a quota of 5.59%.

1.4.3 Description of any significant dependencies of the company on any of the trade companies on a single client or a group of clients and the loss of said clients would have a negative impact on the incomes of the company.

Taking into account that the portfolio of the company comprises very diverse clients there is no dependency on a certain client.

1.5 Evaluation of aspects connected with employees' of the company as well as their organization in trade unions

1.5.1 Notes about the number of employees and their professional training

You find relevant information concerning the evolution of the relevant evolution of the number of employees between 2016 – 2017 in the following:

Number of employees (end of the year)	2016	2017
Economists	19	16
Computer scientists	1	1
Lawyers	3	3
Other professions – university graduates out of which	3	6
(International relations and European Studies)	0	0
(bachelor's in journalism)	1	1
(Engineer)	1	1
(Engineer - technologic profile)	1	1
Other professions – short term university studies out of which:	2	2
(clerk in public administration)	2	2
Intermediate studies (technical profile)	0	0
TOTAL	28	28

1.5.2 b) Description of the relationship manager and employees as well as any other conflict elements that characterize these relations

Within the company there are no conflict elements in the relationship between the managers and employees

1.6 Evaluation of aspects connected with the impact of the basic activities of the issuer connected with environmental aspects

On December 31st, 2017 the company fulfils all working conditions foreseen by valid legislation concerning environment protection; it has all environment authorizations.



1.7 Valuation of the research and development activity

1.7.1 Indication of expenses in the fiscal year as well as expenses expected in the following financial year for research and development activities:

In the reported period and according to the date taken from the balance sheet of the company there were no intangible assets to represent expenses that could be associated with expenses for research-development.

1.8 Valuation of the activity of the company concerning the risk management

Description of the company related to the risks of: price, credit, liquidation and cash flow:

All companies, irrespective of their size, structure, nature or activity branch meet certain risks coming from internal or external sources; said risks need to be managed. As for the economic and operational changes the management has to answer the face the challenge and to create mechanisms that are necessary to identify and to manage the risks associated with said changes. The identification and analysis of risks is a continuous process and a critical component of an efficient internal control.

Clearly to know the threatening allow to rank them according to the probability they could occur, the impact they may have on the objectives or the costs the measures to reduce the possibility to appear or to restrict undesirable consequences. To establish a ranking is a measure by means of which one can establish a prioritisation in allotting of resources, in most cases limited following “cost-benefit” analyses or, more general “effort-effect”. It is essential that the organisation concentrates its efforts towards the really important issues and not to disperse resources on zones irrelevant for it. To periodically revise risks leads to allot resources according to the change of ranks and in the same time priorities. Or, otherwise risk management means to concentrate resources in zones of actual interest.

Following a risk analysis, the management is to define and to apply adequate control mechanisms so that it can be sure to use efficiently the resources of the entity, inclusive human resources and to ensure that the assets are safe. The same applies to accounting where accounting rules and regulations have to be obeyed.

Risk management with TBK is carried out by the staff at different levels and is supervised by the management of the company and a part of the staff that is implied in the establishing of the strategy of the whole company.

The process is built up in a way that allows potential events to be identified if they affect the organization and to manage future risks in order to ensure a corresponding level of insurance concerning the desired objectives.

The internal control systems and risk management are implemented and generally designed to operate thus to realize steadily the goals of the company.

The fact that the operational control procedures are put down in writing and that the control is carried out by the executive management is a guarantee that risks that the company might encounter are managed und monitored.

Procedures were issued starting from the legal and norm frame and aimed to embrace the specific activities as a whole, including internal control activities (self-control, rank control) and on the operational flow in key points there are fixed responsibilities on executional levels within the process levels that is carried out (issue, elaborate, endorse, approve).

Market risk (currency risk, interest rate risk, price risk)

The market risk is an actual or future risk for negative influence on profits determined by the fluctuation of prices, interest as well as the fluctuation of currency. As for the currency risk the company is not much affected as its assets are in the national currency.



The interest rate risk is but a small problem for the financial results as expenses linked to the amount but 0.002% of the total expenses,

The price risk may appear as the cause of the discrepancy of price for a time between a contract is concluded and the moment of payment, i.e. when the sum of the contract is cashed. This risk is actual especially with long term contracts.

As for the price risk: the price level we use is correlated with the reality of costs implied in services and the contracts are finished in a relative short time to affect the company.

Credit risk

The credit risk is the risk of the company to register losses as a consequence of the insolvability of debtors The credit risk means the possibility that debtors won't pay in time following the negative development of the financial situation or of the general economic situation.

The company tries to limit this credit risk towards its clients by establishing credit limits and by monitoring overdue claims.

We established a valuation procedure of the quality of the credit in order to identify possible changes in the solvency of clients, including by a periodic analysis of the claim. The maturity date are attentively monitored and we follow due claims after they become mature.

Another possibility the company manages credit risks is to transfer the risk (a positive choice in case of financial risks); it is made by a fiducial clause.

Liquidity risk

The company manages the liquidity risk by holding funds and continuously monitoring estimated cash flows and reserves and by the reconciliation of maturity dates between the assets and the liabilities.

Financial risks are significant risk that are in the permanent attention of the management and may be failures in the financial planning, in the budget control, in the fund management or monitoring or the in the incorrect or inadequate reporting.

Policies and goals of the company concerning financial risk:

- Maintain at a low-level risk of cashing claims by obeying internal procedures implemented to realize this task;
- To ensure an equilibrium between the recovery period of claims and the payment period of debts;
- Follow up and cashing claims, to insure payments by cooperating of the different departments of the company;
- Procedures and key-mechanisms of control that enables to detect financial risk operations.

Strategic risks

These risks influence the medium-term and long-term goals of the company, they are in direct connection with the development strategy of the entity and are associated with its strategic objects.

Due to the attitude of the management of the company, the firm is always ready to react to the effects of political, economic, social changes and in favour of its clients (capacity to identify the needs of change of clients) All these are specific categories of strategic risks.



General risks

General risks are those risks that are in direct connection with the object of a company. The object of a company is a specific one with all its particularities (own accountancy, specific reporting demands),

As the company passed from a statute of an entity with a restraint structure of capital to a listed corporation (with public capital) it is confronted with the transaction particularities on the corporation, with the problems of listing and the alteration of its organization form.

In the company legal changes are monitored at the level of each department together with the law department. Changes in legislation and accountancy rules are monitored by the department of by the financial and accountancy department and changes are then realized through accountancy procedures applied in the department level.

2 Tangible assets of the company

2.1.1 Location and main characteristics of the important production capacities owned by the company.

Not applicable

2.1.2 Description of the wear of the assets of the company.

The wear of the properties of the company are of no significance for its activity.

2.1.3 Presentation of potential problems in connection with the right of property over tangible assets of the company

There is no problem referring to the right of property on tangible assets owned by the company.

3 The market of movable values issued by the company

3.1.1 Presentation of markets in Romania and other countries where they negotiate movable assets issued by the company.

Shares of the company are transacted on the stock exchange BURSA DE VALORI BUCUREȘTI S,A,. It is an organized Standard stock market in the company has the symbol TBK. The graph (*source [www,bvb,ro](http://www.bvb.ro)*) below presents the evolution of the stocks of the company in the last 12 months:



Data: 19.03.2018 Deschidere: 12,8500 Inchidere: 12,9000 Minim: 12,7000 Maxim: 12,9000 Volum: 99

TRANSILVANIA BROKER DE ASIGURARE



3.1.2 Description of the policy of the company concerning the dividends, Notice: due/paid/aggregated dividends in the last 3 years, and, if applicable the motives for a possible mitigation of dividends in the last 3 years.

The company undertakes to unconditionally obey the principles of Corporate Governance applicable to issuer the movable assets of which are transacted on the organized stock market.

The company adopted a dividend policy as a set of directions referring to the division of the net profit which the company states it will observe and issues the following relevant principles referring to the dividend policy:

- (1) The company recognizes the right of the shareholders to be paid in the form of dividends as a form of participation with the net aggregate profits coming from exploitation as well as a payment form of the capital invested in the company;
- (2) When motivating the proposal concerning the distribution of the net profit gained in a financial year the Executive Board of the company shall make a fair distribution of the net profit between the part belonging to the shareholders in the form of dividends and the part withheld for the company to be invested in compliance with the principles of prudent management and in order to ensure a medium and long-term development of the company;



- (3) Dividends shareholders of the company are entitled will be distributed from the net profit of a financial year only as they are identified on accountancy documents and audited in compliance with law and with other legal documents and by obeying relevant legal provisions.
- (4) Dividends can be distributed by cash payment or by issuing free shares following the capitalization of aggregated net profits of the company. In any situation the proposal to distribute dividends is to be made by the executive board of the company by issue of financial notes sent to the investors. The General Meeting of the Shareholders decides if the dividends are to be paid, as this decision is adopted in compliance with law.

The dividend policy is published on the official internet-site of the company (www.transilvaniabroker.ro),

3.1.3 Description of any activities of the company concerning the purchase of own shares

The company was listed on the stock market through IPO at the end of 2017, so that for the time being and for the reported period there is no way to buy back own shares.

3.1.4 If the company has subsidiaries give their number and value of shares issued by the corporate parent existing in the subsidiary

The company is not part of a group and does not have any subsidiaries. The company has offices without juridical entity in:

Sibiu, 10 Justiției street, district Sibiu,

Bucharest, 59 Buzești, building A5, stair 4, 1st floor, apt, 66, 1st Sector,

Pitești, I,C, Bratianu street, building 35, stair A, apt,1, district Argeș;

Cluj Napoca, 22 Sarmizegetusa, street, 1st floor, district Cluj,

Should the company have issued shares and/or other claims, state the way the company pays for its obligations towards the holders of such movables.

In the reporting period the company did not issue bonds and/or other claims.

The management of the trade company

Presentation of the list of the managers of the trade company:

The management of the company consists of an executive board of three managers, namely:

- Mr. Nicolae Dan, *president, executive member*;
- Mr. Tuica Gabriel-Alexandru, *non-executive member*;
- Mrs. Deneș Tasia Daniela, *non-executive independent member*;

There is no family relation among the members of the executive board of the company,

List of the members of the executive management of the company

The executive and operational management of the company is ensured by:

- Manager general (Mr, Nicolae Dan who is in the same time the president of the managing board); and
- Executive manager (Mr. Login Gabriel),

There are no agreements or arrangements between the executive management and the persons who appointed them in the management function.

4 Financial and accounting situation

4.1 Situation of financial position

The analysis of the economic and financial situation of the company compared with the former period and with the existing situation at the beginning of the fiscal year has the following aspects in mind:

Indicators of the financial position (Values are quoted in lei)	January 1 st 2017	December 31 st 2017	Variation (+/-)(lei)	Variation (+/-)(%)
Fixed assets	230,738	129,879	(100,859)	(43,71)
Intangible assets	21,928	15,954	(5,974)	(27,24)
Tangible assets	183,018	98,850	(84,168)	(45,99)
Financial assets	25,792	15,075	(10,717)	(41,55)
Circulating assets	6,574,889	11,821,715	5,246,826	79,80
Claims	2,986,827	4,554,909	1,568,082	52,50
Checkout and accounts with banks	3,588,062	7,265,864	3,677,802	102,50
Initial cost	36,489	6,656	(29,833)	(81,76)
Total assets	6,842,116	11,958,250	5,116,134	74,77

- Compared to the beginning of the reported period one can state that the value of the assets increased with 74.77% as they had a growth of 5,116,134 lei,
- The decline with 43.71% of the fixed assets is due to the decline with 45.99%, of the tangible assets following the registration of the of the current year and the wear following the the disposal of assets the mitigation of the values of financial assets with 41.55%; this is to explain by the repayment of the loan that was due at the end of the previous period.
- The decline of the values of intangible assets with 27.24% comes from the registration of wear in the current year and their deletion following the fact that its using period expired.
- The increase of the circulating assets with 90.41% was influenced both by the availability of money of the company with 102.5%, i.e. 3,677,802 lei, and by the growth of claims with 75.20%,

Indicators if financial position (Values in lei)	January 1 st 2017	December 31 st 2017	Variation (+/-)(lei)	Variation (+/-)(%)
Current debts	3,295,439	8,723,850	5,367,031	162,86
Debts connected with the brokerage activity	2,355,489	5,044,351	2,688,862	114,15
Commercial debts and other debts	837,989	561,376	(276,613)	(33,01)
Dividends to pay	(0,12)	2,875,861	n,a	n,a
Debt with current profit tax	101,961	180,882	78,921	77,40
Noncurrent debts	52,127	-	n/a	n/a



➤ The increase of current debts with 162.86% compared with the beginning of the reported period is to explain with the brokerage	Long-term loans	52,127	-	n/a	n/a
	Own capitals	3,494,550	3,234,399	(260,151)	(7,44)
	Signed and paid capital	150,000	500,000	350,000	233,33
	Signed and not paid capital	350,000	-	n/a	n/a
	Funds	30,000	100,000	70,000	233,33
	Reported result out of which:	(62,131)	(701,223)	n/a	n/a
	- From the correction of accountancy errors	62,131)	(701,223)	n/a	n/a
	Result of the period e	3,051,681	3,405,622	n/a	n/a
	Distribution from the profit	(25,000)	(70,000)	n/a	n/a
	Total capitals and debts	6,842,116	11,958,250	5,116,134	74,77

activity (+114,15%) and debts from current tax (+77,40%), compared with the decrease of commercial and other debts (-33,01%),

- At the end of the period the company has real dividends to pay of 2,875,861 lei.
- The main cause of the decrease of noncurrent debts is the fact that the company fully repaid leasing contracts.
- Changes registered both at the level of current debts as well as noncurrent debts influenced the increase of the total debts of the company (+158,76%) that means an unfavorable influence on the solvability.
- During the reporting period the company registered a decrease of 7.44% of its own capitals.

The indicator of the **gearing** shows the limit up to where the company is financed from other sources and not from own funds. It is determined as a ratio between the total debts and the value of the own capital. At the end of the period the indicator was 72.95%, compared to 48.92% as it was at the end of the previous reporting period. The increase of the global gearing with 24.03 percent shows the increase of the financial risk the company runs.

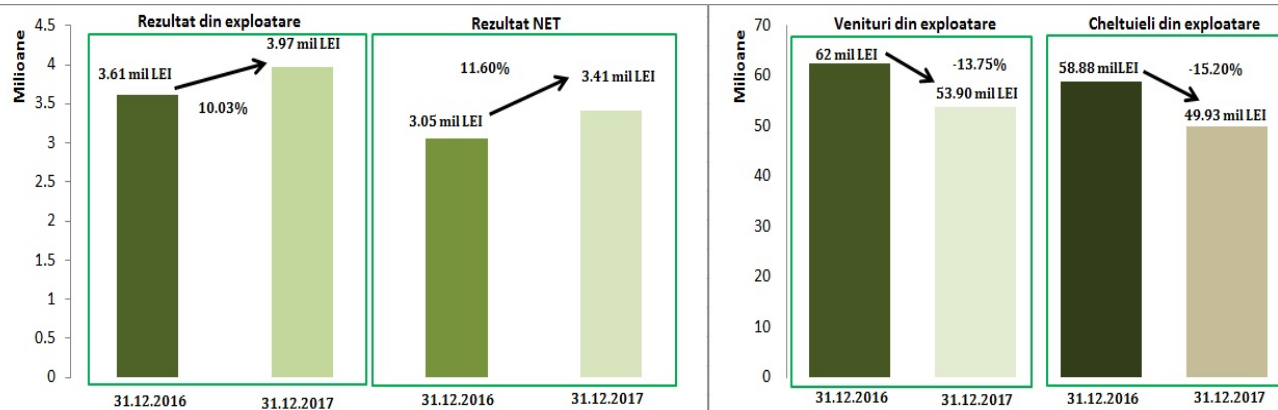
4.2 Situation of financial performance

Compared to the situation at the end of the year previous to the reporting year on December 31st 2017 the analysis of the main indicators of financial performance looks like this:

Indicators	January 1 st 2017	December 31 st 2017	Variation (+/-)(Lei)	Variation (+/-)(%)	
Turnover	62,492,184	53,835,203	(8,656,981)	(13,85)	➤ The decrease of financial expenses (-82,55%), respectively increase of financial incomes (+1,24%) favourably influenced
Operating income	62,497,215	53,906,286	(8,590,929)	(13,75)	
Operating expenses	58,884,504	49,931,129	(8,953,375)	(15,20)	
OPERATING RESULT	3,612,711	3,975,157	362,446	10,03	
Financial incomes	2,659	2,692	33	1,24	
Financial expenses	14,549	2,539	(12,010)	(82,55)	
FINANCIAL RESULT	(11,890)	153	n,a	n,a	
GROSS RESULT	3,600,821	3,975,310	374,489	10,40	
Profit tax	549,140	569,688	20,548	3,74	
NET RESULT	3,051,681	3,405,622	353,941	11,60	
Gross marge (PB/CA*100)	5,76%	7,38%	n/a	n/a	

the financial result on December 31st, 2017, i.e. a profit of 153 lei,

- The increase of the operating result with 362,446 lei had direct consequences on the gross result of the period.
- The gross result at the end of the current period is reflected in a profit of 3,975,310 lei, an increase of 10,40% compared to the registered value in the reference period (3,600,821 lei),
- After profit tax (569,688 lei) in the current period the entity had a net profit of 3,405,622 lei, an increase of în creștere cu 11.60% compared to the reference period.



Financial performance indicators	On	On	Evolution	Evolution
	December 31 st , 2016	December 31 st 2017	2017/2016 (lei)	2017/2016(%)
Operating incomes	62,497,215	53,906,286	(8,590,929)	(13,75)
Incomes from brokerage	62,492,184	53,835,203	(8,656,981)	(13,85)
Incomes from subvention and other operating incomes	5,031	71,083	66,052	1,312,90
Operating expenses	58,884,504	49,931,129	(8,953,375)	(15,20)
Expenses with provisions for brokerage assistants	53,991,987	45,544,380	(8,447,607)	(15,65)
Expenses for services made by third persons	1,705,856	1,273,723	(432,133)	(25,33)
Expenses with consumables and inventory materials	151,313	131,427	(19,886)	(13,14)
Expenses with other taxes and fees and similar payments	188,271	173,037	(15,234)	(8,09)
Expenses with employees	2,044,433	2,270,043	225,610	11,04
Expenses with wear and tear	174,076	262,605	(88,529)	(50,86)
Other operating expenses	628,568	275,915	(352,653)	(56,10)
Operational result– Profit	3,612,711	3,975,157	362,446	10,03

- Incomes from brokerage, that is the net turnover, decreased with 8,656,981 lei, with 13,85% respectively and that is explained with the decrease of incomes from the negotiations of insurance contracts (-14,03%),
- During the analysed period we registered a decrease of incomes from operating subventions (-77,45%), respectively an increase of other operating incomes of 66,052 lei,
- In this context the incomes from exploitation decreased with 13,75%, compared with the previous period.
- What the total exploitation expenses concerns we registered a falling trend as the decreased with 15.20%,
- In the reported period we registered growth at the level of staff expenses (+11,04%), as the company increased the salary of its employees.
- The dynamic of incomes and expenses from exploitation can be seen in the exploitation profit of 3,975,157 lei, 10,03% higher compared with the previous period.

4.3 Cash flow: all changes that occurred with the cash during the basic activity, investment, financial activity concerning cash at the beginning and end of the period

Money	Indicators	Achievements during the reported period	
		December 31 st 2016	December 31 st 2017
	NET CASH FROM OPERATING ACTIVITIES	-4,922,661	3,819,149
	NET CASH FROM INVESTMENT ACTIVITIES	-25,980	-46,220
	NET CASH FROM FINANCIAL ACTIVITIES E	187,770	-95,127
	CASH AND EQUIVALENT IN CASH ON THE 1 ST OF JANUARY	8,348,933	3,588,062
	NET INCREASE OF DECREASE OF CASH AND EQUIVALENTS OF CASH	-4,760,871	3,677,802
	CASH AND EQUIVALENTS OF CASH ON DECEMBER 31 st	3,588,062	7,265,864

availability of the company was on December 12th, 2017 that means an increase of 3,677,802 lei compared with the previous year and as percentage it is 102, 50%.

At the end of the reporting period (31,12,2017) the company had a positive cash flow from exploitation of 3,819,149 lei, The volume of movements in the treasury show how the company released through its activity enough treasury cash flows to maintain it exploitation capacity, to distribute dividends, to pay back loans without using external financing sources.

Cash flow from investment activity made available by the company during the current year is a negative one; it amounts -46,220 lei. This is to explain by the fact that acquisitions of tangible and intangible assets were paid. The treasury flow gained is a result of investments made and that was higher in 2017 compared to 2016. This situation was determined by the maintaining of the payments for asset acquisitions during the analyzed period compared to the previous one and taking into account that in the previous period they register incomes from the sale of assets.

In the current period the financial activity of the company initiated a negative cash flow amounting -95,127 lei and that can be explained by the alteration of the loan structure. The negative treasury flow from the financing activity that was registered in 2017 was determined by the fact that the company did not take up further loans in compliance with the payback of loans from the previous years, amounting 43,000 lei,

5 Litigations

Litigations in which the company is involved on the date of financial situations do not have a significant negative impact on the operations and the financial position of the company. The sums claimed in the two files, in which the company is involved, i.e. 2, 312,582 lei were discussed in the explanatory notes of the financial situations as contingent debts,

Signatures

President of the Supervisory Board
Niculae Dan



Transilvania Broker[®]
BROKER DE ASIGURARE

TRANSILVANIA BROKER DE ASIGURARE S.A.

Str. Zorilor, Nr. 5 , Bistrița, Jud. Bistrița-Năsăud, Romania, 420011

Registrul Comerțului: J06/674/2006 | Cod fiscal: 19044296

Capital social : 500.000 lei

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

INDIVIDUAL ANNUAL FINANCIAL STATEMENT

**at and for the financial year ended on the 31ST
OF DECEMBER 2017**

**drawn up in accordance with Rule A.S.F.
36/2015, for the approval of the Accounting
Regulations on the individual annual
financial statements and the consolidated
annual financial statements applicable to
insurance and / or reinsurance brokers**

SUMMARY:

Page

Individual Annual Financial Statement

Balance sheet	3 - 5
Profit and loss account	6 - 8
Statement of changes in equity	9 -10
Cash Flow Statement	11 - 12
Notes to financial statements	13 - 37

TRANSILVANIA BROKER DE ASIGURARE S.A.
BALANCE SHEET on the 31st of Decembrie 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

**BALANCE SHEET on
the 31st of Decembrie 2017**

Element name	Line no.	Balance on:	
		01.01.2017	31.12.2017
A. FIXED ASSETS			
I. INTANGIBLE ASSETS			
1. Establishment expenses	01	0	0
2. Exploitation expenses	02	0	0
3. Concessions, patents, licenses, trademarks, rights and similar assets if they have been purchased for consideration	03	21.928	15.954
4. Goodwill	04	0	0
5. Advances for intangible assets	05	0	0
TOTAL (lines 01 to 05)	06	21.928	15.954
II. TANGIBLE ASSETS			
1. Land and construction	07	0	0
2. Technical installations and machines	08	167.384	63.188
3. Other installations, machinery and furniture	09	15.634	35.661
4. Advance payments and tangible assets in progress	10	0	0
TOTAL (lines 07 to 10)	11	183.018	98.849
III. FINANCIAL ASSETS			
1. Shares held in affiliated entities	12	0	0
2. Loans granted to affiliated entities	13	0	0
3. Shares held in affiliated entities and jointly controlled entities	14	0	0
4. Loans to Associated Entities and Jointly Controlled Entities	15	10.717	0
5. Investments held as fixed assets	16	0	0
6. Other Loans and Bonds	17	15.075	15.075
TOTAL (lines 12 to 17)	18	25.792	15.075
FIXED ASSETS - TOTAL (lines 06 + 11 + 18)	19	230.738	129.879
B. CURRENT ASSETS			
I. STOCKS			
1. Consumables and other current assets in the nature of inventories	20	0	0
2. Advances for stock purchases	21	0	942
TOTAL (lines 20 + 21)	22	0	942
II. RECEIVABLES			
1. Claims related to brokerage activity	23	658.615	372.013
2. Amounts to be collected from affiliated entities	24	0	0
3. Amounts to be collected from the associated and jointly controlled entities	25	0	0
4. Other claims	26	1.978.212	4.182.897

TRANSILVANIA BROKER DE ASIGURARE S.A.
BALANCE SHEET on the 31st of Decembrie 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

5. Receivables on subscribed and unpaid capital	27	350.000	0
TOTAL (lines 23 to 27)	28	2.986.827	4.554.909
III. SHORT-TERM INVESTMENTS			
1. Shares held in affiliated entities	29	0	0
2. Other short-term investments	30	0	0
TOTAL (lines 29 to 30)	31	0	0
IV. HOUSE AND BANK ACCOUNTS			
CURRENT ASSETS - TOTAL (lines 22 + 28 + 31 + 32)	33	6.574.889	11.821.715
C. PREPAYMENTS	34	36.489	6.656
D. DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF ONE YEAR			
1. Bonds from the bond issue showing separately the borlinesings from the issue of convertible bonds	35	0	0
2. Amounts owed to credit institutions	36	0	0
3. Debts related to brokerage activity	37	2.355.489	5.044.351
4. Amounts due to affiliated entities	38	0	0
5. Amounts owed to associates and jointly controlled entities	39	0	0
6. Other debts, including tax debts and social security debts	40	939.950	3.679.499
TOTAL (lines 35 to 40)	41	3.295.439	8.723.850
E. NET CURRENT ASSETS / NET CURRENT DEBTS	42	3.315.938	3.104.521
(lines 33 + 34-41-56)			
F. TOTAL ASSETS MINUS CURRENT DEBTS	43	3.546.677	3.234.399
(lines 19 + 42-55)			
G. DEBTS TO BE PAID WITHIN A PERIOD LONGER THAN ONE YEAR			
1. Bonds from the bond issue showing separately the borlinesings from the issue of convertible bonds	44	0	0
2. Amounts owed to credit institutions	45	0	0
3. Debts related to brokerage activity	46	0	0
4. Amounts due to affiliated entities	47	0	0
5. Amounts owed to associates and jointly controlled entities	48	0	0
6. Other debts, including tax debts and social security debts	49	52.127	0
TOTAL (lines 44 to 49)	50	52.127	0
H. PROVISIONS			
1. Provisions for pensions and similar obligations	51	0	0
2. Provisions for taxes	52	0	0
3. Other Provisions	53	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
BALANCE SHEET on the 31st of Decembrie 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

TOTAL (lines 51 to 53)	54	0	0
I. ADVANCE INCOME			
1. Subsidies	55	0	0
2. Income recorded in advance	56	0	0
3. Negative trading	57	0	0
TOTAL (lines 55 + 56 + 57)	58	0	0
J. CAPITAL AND RESERVES			
I. CAPITAL (lines 60 + 61 + 62 + 63)	59	500.000	500.000
1. Subscribed capital	60	150.000	500.000
2. Subscribed capital not paid	61	350.000	0
3. Elements similar to social capital	62	0	0
4. Other equity items	63	0	0
II. CAPITAL PREMIUMS	64	0	0
III. REVALUATION RESERVES	65	0	0
IV. RESERVES (lines 67 + 68 + 69)	66	30.000	100.000
1. Legal reserves	67	30.000	100.000
2. Statutory or contractual reserves	68	0	0
3. Other reserves	69	0	0
Own actions	70	0	0
Earnings related to equity instruments	71	0	0
Losses related to equity instruments	72	0	0
V. PROFIL OR LOSS BALANCE C	73	0	0
REPORTED BALANCE D	74	62.131	701.223
VI. PROFIL OR LOSS BALANCE C	75	3.051.681	3.405.622
OF FINANCIAL EXERCISE BALANCE D	76	0	0
Distribution of profit	77	25.000	70.000
OWN CAPITAL - TOTAL (lines 59 + 64 + 65 + 66 - 70 + 71 - 72 + 73 - 74 + 75 - 76 - 77)	78	3.494.550	3.234.399

The financial statements were authorized on the 22nd of March 2018 by the Board of Directors, for AGA approval.

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

Drafted,
 Mrs. Rus Claudia-Adela
 Head of Accounting service
 Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
BALANCE SHEET on the 31st of Decembrie 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

**PROFIT AND LOSS ACCOUNT on the
31st of December 2017**

Denumirea indicatorilor	Line No.	Earnings within the reporting periods	
		previous 31.12.2016	current 31.12.2017
1. Revenues from brokering activity (02 02 + 05 + 06 + 07 + 08):	01	62.492.184	53.835.203
a) Negotiation of insurance and reinsurance contracts (03 + 04) of which:	02	62.492.184	53.726.933
a.1) negotiation of insurance contracts	03	62.492.184	53.726.933
a.2) negotiation of reinsurance contracts	04	0	0
b) Performing risk inspections	05	0	0
c) settlement in case of damages	06	0	0
d) damages commission	07	0	0
e) other activities related to the object of activity	08	0	108.270
2. Commercial discounts granted	09	0	0
3. Income from operating grants	10	4.435	1.000
4. Other operating income	11	596	70.083
of which: Income from negative goodwill	12	0	0
5. Income from the revaluation of tangible assets	13	0	0
OPERATING INCOME – TOTAL (lines 1 - 9 + 10 + 11 + 13)	14	62.497.215	53.906.286
6. a) Expenditure on services rendered by third parties of which: expenses with collaborators	15	1.705.856	1.273.723
	16	0	0
b) Expenditure on consumables and inventory items	17	151.313	131.427
7. Commercial Discounts Received	18	0	0
8. Expenses with other taxes, taxes and similar charges, of which, the operating fee	19	188.271	173.037
	20	183.750	121.007
9. Staff Expenses (lines 22 + 23)	21	2.044.433	2.270.043
a) Salaries and allowances	22	1.682.124	1.828.079
b) Social security and social protection expenses	23	362.309	441.964
10. Environmental Protection Expenditures	24	0	0
11. Expenses with the revaluation of property, plant and equipment	25	0	0
12. Expenditure on calamities and other similar events	26	0	0
13. Expenditure on commission due to brokerage assistants	27	53.991.987	45.544.380
14. Value adjustments on tangible assets and intangible assets (lines 29-30)	28	174.076	135.930
a) Expenses	29	174.076	135.930

TRANSILVANIA BROKER DE ASIGURARE S.A.
BALANCE SHEET on the 31st of Decembrie 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

b) Revenues	30	0	0
15. Value adjustments for circulating assets (lines 32-33)	31	0	126.675
a) Expenses	32	0	126.675
b) Revenues	33	0	0
16. Other operating expenses (lines 35 + 36)	34	628.568	275.915
a) Expenses with indemnities, donations and assets ceded	35	628.568	264.148
b) Other operating expenses	36	0	11.767
17. Adjustments for provisions (lines 38-39)	37	0	0
a) Expenses	38	0	0
b) Revenues	39	0	0
OPERATING EXPENSES - TOTAL	40	58.884.504	49.931.129
(lines15+17-18+19+21+24+25+26+27+28+31+34+37)			
OPERATING PROFIT OR LOSS			
Profit (lines 14-40)	41	3.612.711	3.975.157
Loss (lines 40-14)	42	0	0
18. Income from participating interests of which: Income from affiliated entities	43	0	0
	44	0	0
19. Interest income of which: income earned from affiliated entities	45	1.833	2.613
	46	0	0
20. Other financial income of which: income from other financial assets	47	826	79
	48	0	0
FINANCIAL INCOME - TOTAL (lines43+45+47)	49	2.659	2.692
21. Value adjustments on financial assets (lines 51-52)	50	0	0
a) Expenses	51	0	0
b) Revenues	52	0	0
22. Interest expenses	53	9.652	1.295
of which: expenditure in relation to affiliated entities	54	0	0
23. Other financial expenses	55	4.897	1.244
FINANCIAL EXPENSES - TOTAL (lines 50+53+55)	56	14.549	2.539
FINANCIAL PROFIT OR LOSS			
Profit (lines 49-56)	57	0	153
Loss (lines 56-49)	58	11.890	0
CURRENT PROFIT OR LOSS			
Profit (lines 14+49-40-56)	59	3.600.821	3.975.310
Loss (lines 40+56-14-49)	60	0	0
VENITURI TOTALE (lines14+49)	61	62.499.874	53.908.978
CHELTUIELI TOTALE (lines40+56)	62	58.899.053	49.933.668
PROFITUL SAU PIERDEREA BRUT(A)			
Profit (lines 61-62)	63	3.600.821	3.975.310
Pierdere (lines 62-61)	64	0	0
Profit tax	65	549.140	569.688
Other taxes not indicated in the above items	66	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
BALANCE SHEET on the 31st of Decembrie 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

NET PROFIT OR LOSS			
FINANCIAL EXERCISE			
Profit (lines 61-62-65-66)	67	3.051.681	3.405.622
Loss (lines 62-61+65+66)	68	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.
PROFIT AND LOSS ACCOUNT
BALANCE SHEET on the 31st of Decembrie 2016
(all amounts are expressed in RON (RON), unless otherwise specified)

The financial statements were authorized on the 22nd of March 2018 by the Board of Directors, for AGA approval.

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

Drafted,
Mrs. Rus Claudia-Adela
Head of Accounting service
Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
STATEMENT OF CHANGES IN EQUITY
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

2017

Element name		Balance on the 1 st of January 2017	Increases		Reductions		Balance on the 31 st of December 2017
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed capital		500.000	0	0	0	0	500.0
Prime capital		0	0	0	0	0	
Revaluation reserves		0	0	0	0	0	
Legal reserves		30.000	70.000	0	0	0	100.0
Reserves representing surplus from revaluation reserves		0	0	0	0	0	
Other reservations		0	0	0	0	0	
The retained earnings represents the undistributed profit or the uncovered loss	Balance C	25.000	3.051.681	3.051.681	3.051.681	0	25.0
	Balance D	0	0	0	0	0	
The retained earnings from the correction of accounting errors	Balance C	0	0	0	0	0	
	Balance D	87.131	639.092	0	0	0	726.2
Result of the financial year	Balance C	3.051.681	3.405.622	0	3.051.681	3.051.681	3.405.6
	Balance D	0	0	0		0	
Distribution of profit		25.000	70.000	70.000	25.000	25.000	70.0
Total equity		3.494.550	5.818.211		6.078.362		3.234.3

The financial statements were authorized on the 22nd of March 2018 by the Board of Directors, for AGA approval.

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

Drafted,
 Mrs. Rus Claudia-Adela
 Head of Accounting service
 Signature _____

2016

TRANSILVANIA BROKER DE ASIGURARE S.A.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended December 31st, 2017

(all amounts are expressed in RON (RON), unless otherwise specified)

Element name		Balance on the 1 st of January 2016	Increases		Reductions		Balance on the 31 st of December 2016
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed capital		150.000	350.000	0	0	0	500.00
Prime capital		0	0	0	0	0	
Revaluation reserves		0	0	0	0	0	
Legal reserves		5.000	25.000	25.000	0	0	30.00
Reserves representing surplus from revaluation reserves		0	0	0	0	0	
Other reservations		0	0	0	0	0	
The retained earnings represents the undistributed profit or the uncovered loss	Balance C	0	3.259.334	3.259.334	3.234.334	0	25.00
	Balance D	0	0	0	0	0	
The retained earnings from the correction of accounting errors	Balance C	0	0	0	0	0	
	Balance D	0	87.131	0	0	0	87.13
Result of the financial year	Balance C	3.259.334	3.051.681	0	3.259.334	0	3.051.68
	Balance D	0	0	0	0	0	
Distribution of profit		0	25.000	0	0	0	25.00
Total equity		3.414.334	6.573.884		6.493.668		3.494.55

The financial statements were authorized on the 22nd of March 2018 by the Board of Directors, for AGA approval.

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

Drafted,
Mrs. Rus Claudia-Adela
Head of Accounting service
Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
SITUATION OF TREASURY FLOWS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

Name of indicators	Line no.	Achievements for the reporting period	
		previous 31.12.2016	current 31.12.2017
CASH FLOWS FROM THE OPERATION ACTIVITY			
1. Cash receipts from brokering	01	557.687.568	311.146.764
2. Cash payments from intermediation activity	02	556.123.312	302.868.441
3. Other receipts from various borrowers	03	2.509.733	58.542
4. Pay cash to suppliers and other creditors	04	2.181.364	1.283.561
5. Cash payments to and on behalf of employees	05	1.834.851	2.169.311
6. Payments related to special funds from intermediation activity	06	183.750	107.358
7. Other cash payments related to operating activities	07	1.059.825	459.599
8. Cash payments representing dividends distributed to shareholders	08	3.072.617	0
9. Profit tax paid	09	664.244	497.887
NET CASH GENERATED FROM (USED IN)	10	-4.922.661	3.819.149
OPERATING ACTIVITIES (lines 01-02+03-04-05-06-07-08-09)			
CASH FLOWS FROM INVESTMENT ACTIVITIES			
1. Cash payments for the acquisition of tangible and intangible assets	11	44.660	48.833
2. Income from the sale of tangible and intangible assets	12	16.846	0
3. Cash payments for acquiring equity instruments or debt of other entities	13	0	0
4. Income from the sale of equity or debt instruments of other entities	14	0	0
5. Cash payments for acquiring interests in joint ventures	15	0	0
6. Income from the sale of interests in joint ventures	16	0	0
7. Payments in the form of loans to third parties	17	0	0
8. Receipts from repayment of loans granted to third parties	18	0	0
9. Income from dividends generated by equity instruments	19	0	0
10. Interest receivable generated by debt instruments	20	0	0
11. Receipts from bank interest	21	1.834	2.613
NET CASH GENERATED FROM (USED IN) INVESTMENTS	22	-25.980	-46.220
ACTIVITIES (lines 12-11-13+14-15+16-17+18+19+20+21)			
CASH FLOWS FROM FINANCING ACTIVITY			
1. Cash receipts arising from the issue of shares or other equity instruments	23	350.000	0
2. Cash payments made to owners to redeem the entity's actions	24	0	0

TRANSILVANIA BROKER DE ASIGURARE S.A.**SITUATION OF TREASURY FLOWS****for the financial year ended December 31st, 2017***(all amounts are expressed in RON (RON), unless otherwise specified)*

3. Cash receipts arising from the issue of debt securities, bonds or other loans	25	0	0
4. Cash payments made to repay borrowed funds	26	0	0
5. Cash receipts from funds lent by shareholders	27	0	0
6. Payments representing repayments of funds borrowed by shareholders	28	0	43.000
7. Cash payments related to financial leasing contracts	29	162.230	52.127
NET CASH GENERATED FROM (USED IN)	30	187.770	-95.127
FINANCING ACTIVITIES (lines23-24+25-26+27-28-29)			
CASH AND CASH EQUIVALENTS ON 1 JANUARY	31	8.348.933	3.588.062
THE GROWTH OR THE NO DESCRIPTION OF CASH AND NUMERICAL EQUIVALENTS (lines10 + 22 + 30)	32	-4.760.871	3.677.802
CASH AND CASH EQUIVALENTS ON DECEMBER 31st (lines 31+32)	33	3.588.062	7.265.864

The financial statements were authorized on the 22 of March 2018 by the Board of Directors, for AGA approval.

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

Drafted,
Mrs. Rus Claudia-Adela
Head of Accounting service
Signature _____

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017

(all amounts are expressed in RON (RON), unless otherwise specified)

NOTA 1: Fixed assets

a) Tangible assets

GROSS VALUE / Elements of immobilization	Initial Balance 01 st of January 2017	Increases	Reductions		Final balance 31 st of December 2017
			Total	Of which: Dezmembrari si casari	
Technical installations and machines	872.293	7.899	14.147	14.147	866.045
Other installations, machinery and furniture	56.024	31.313	1.980	1.980	85.357
Advances and tangible assets in progress	0	0	0	0	0
TOTAL	928.317	39.212	16.127	16.127	951.402

DEPRECIATION / Elements of immobilization	Initial Balance 01 st of January 2017	Depreciation throughout the year	Depreciation related to written off immobilized assets	Final balance 31 st of December 2017
Technical installations and machines	704.909	112.095	14.147	802.857
Other installations, machinery and furniture	40.390	11.286	1.980	49.696
TOTAL	745.299	123.381	16.127	852.553

Net book value	183.018			98.849
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TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

b) Intangible assets

GROSS VALUE / Elements of immobilization	Initial Balance 01 st of January 2017	Increases	Reductions		Final balance 31 st of December 2017
			Total	Of which : Dezmembrari si casari	
Licenses and other intangible assets	57.521	6.575	4.198	4.198	59.898
TOTAL	57.521	6.575	4.198	4.198	59.898

AMORTIZARE / Elements of immobilization	Initial Balance 01 st of January 2017	Depreciation throughout the year	Depreciation related to written off immobilized assets	Final balance 31 st of December 2017
Licenses and other intangible assets	35.593	12.549	4.198	43.944
TOTAL	35.593	12.549	4.198	43.944
Net book value	21.928			15.954

c) Financial assets

GROSS VALUE	Initial balance 01 st of January 2017	Increases	Reductions	Final balance 31 st of December 2017
Long-term loans	10.717	0	10.717	0
Guarantees and fixed debts	15.075	0	0	15.075
TOTAL	25.792	0	10.717	15.075

DEPRECIATION ADJUSTMENTS	Initial balance 01 st of January 2017	Increases	Reductions	Final balance 31 st of December 2017

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017

(all amounts are expressed in RON (RON), unless otherwise specified)

Long-term loans	0	0	0	0
Guarantees and fixed debts	0	0	0	0
TOTAL	0	0	0	0
Net book value	25.792			15.075

NOTA 1: Fixed assets

1.1. Intangible assets

Intangible assets that meet the recognition criteria set out in Norm 36/2015 for the approval of the Accounting Regulations on individual annual financial statements and the consolidated annual financial statements applicable to insurance and / or reinsurance brokers ("Standard 36/2015") are presented at a lower cost cumulative depreciation. Amortization of intangible assets is recorded in the income statement on a straight-line basis over an estimated three-year period.

1.2. Tangible assets

Tangible assets are classified by the Company in the following classes of assets of the same nature and similar uses (i) Means of transport; (ii) Technical equipment and installations; and (iii) Other property, plant and equipment (furniture and office equipment). At reporting dates, tangible assets are stated at cost less impairment of accumulated amounts. The amortization periods in the accounting are not different from the amortization periods used by the entity for tax purposes. The depreciation method used by the company is the linear amortization method.

Assets held in finance leases or purchased in installments - As at 31 December 2017, the Company does not have any tangible assets held under finance leases.

Tangible and intangible assets that have been disposed of are removed from the Balance Sheet together with the corresponding cumulative depreciation.

1.3. Financial assets

The financial assets presented in the balance sheet refer to guarantees paid for rental contracts for the carrying out of current activities, including guarantees for utilities contracts.

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

NOTA 2: Provisions

Element name for provisions	Balance on the 1st of January			Balance on the 31st of December
	2017	Increases	Reductions	2017
Provisions for litigation	0	0	0	0
Provisions for guarantees to customers	0	0	0	0
Provisions for decommissioning of tangible assets	0	0	0	0
Provisions for restructuring	0	0	0	0
Provisions for pensions and similar obligations	0	0	0	0
Provisions for taxes	0	0	0	0
Provisions for the termination of the employment contract	0	0	0	0
Other provisions for risks and expenses	0	0	0	0
Total	0	0	0	0

The company did not consider it necessary to make provisions at the level of 2017.

NOTA 3: Distribution of profit

Indicator	Financial year ended December 31st 2016	Financial year ended December 31st 2017
Net profit to be distributed	3.051.681	3.405.622
Legal reserve	25.000	70.000
Other reservations	0	0
Covering the carry forward	0	701.223
Payment Dividends	3.026.681	2.600.000
Non-distributed profit	0	34.399

The unallocated profit, in the amount of 34,399 lei, will be transferred to the retained earnings and will be subsequently distributed, according to the GMS decision.

The accounting records of the accounting profit targets will be made after the AGA approves the distribution of the profit.

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

NOTA 4: Analysis of operating result

Indicator	Financial year ended 31st December 2016	Financial year ended 31st December 2017
1. Net turnover	62.492.184	53.835.203
2. Cost of goods sold and services rendered (3 + 4)	56.913.148	48.069.068
3. Expenditure on basic activity	56.761.835	47.937.641
4. Expenditure on ancillary activities	151.313	131.427
5. Gross net turnover (1-2)	5.579.036	5.766.135
6. Expenses	601.327	801.846
7. General administration expenses	1.370.029	1.060.216
8. Other operating income	5.031	71.083
9. Operating result (5-6-7 + 8)	3.612.711	3.975.157

NOTE 5: Debt and Debt Situation

On 31 December 2017, the Company's receivables are as follows:

Elements of receivables	Nr. lin es	Balance on the 1st of January 2017	Balance on the 31st of December 2017	Liquidity deadline		
				Under 1 year	1 - 5 years	Over 5 years
	<i>1</i>	<i>2</i>	<i>3 = 4 + 5 + 6</i>	<i>4</i>	<i>5</i>	<i>6</i>
TOTAL CREANTE (lines1 to 8 + lines9 + lines10 + lines11), out of which:		3.840.763	4.554.909	4.554.909	0	0
Claims related to brokerage activity	1	658.615	372.012	372.012	0	0
Amounts to be collected from affiliated entities	2	0	0	0	0	0
Advance payments for services	3	262.519	386.892	386.892	0	0
Advances to staff and assimilated claims	4	0	0	0	0	0
Claims against the state budget	5	0	0	0	0	0
Claims against social security budget	6	923	0	0	0	0
Receivables on subscribed and unpaid capital	7	350.000	0	0	0	0
Claims to various borrowers	8	9.698	3.831.490	3.831.490	0	0
Impairment adjustment	9	0	-35.485	-35.485	0	0
Disbursements from operations under clarification	10	2.559.008	0	0	0	0

Considering the amounts presented in the balance sheet as opening amounts for the receivables item, the Company has reconsidered the presentation of the Settlements

from undergoing operations, showing the amounts corresponding to this item taking into account

NOTE 5: Debt and Debt Statement (continued)

the significance of the balance sheet item, without affecting the opening balances of the exercise, presented in the balance sheet. The difference on Balance receivables on January 1, 2017 is 853,936 lei.

Claims related to brokerage are not interest-bearing and generally have a collection time of less than 30 days. Uncertain claims are recorded separately in accounting. When it is estimated that a receivable will not be fully accrued, adjustments for impairment are recorded in the accounting for the amount that can not be recovered.

Claims advances for services amounting to 386,892 are amounts paid as prepayments to partners in the brokerage activity, amounts that are settled with the amounts owed to them for intermediate policies.

The receivables from various debtors mainly concern amounts to be settled by brokerage agencies in January 2018, namely 3,124,883.85 lei. The amount of 687,807.10 represents various debtor claims, of which one relates to claims in court. The Company makes estimates for the risk of non-collection of receivables evidenced on December 31, 2017. Corresponding to these estimates, the Company highlighted adjustments for impairment of receivables from various debtors in the amount of RON 35,485. The amount of 18,789.30 represents fully collectable debt in 2018.

Debt

On December 31, 2017 the Company's debts are as follows:

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017

(all amounts are expressed in RON (RON), unless otherwise specified)

Elements of debt	Nr. line s	Balance on the 1 st of January 2017	Balance on the 31 st of December 2017	Maturity date		
				Under 1 year	1 - 5 years	Over 5 years
	1	2	3 = 4 + 5 + 6	4	5	6
TOTAL LIABILITIES (lines 1 to 8 - lines9 + lines10 + lines11) of which:		4.201.502	8.723.850	8.723.850	0	0
Bonds from the bond issue	1	0	0	0	0	0
Amounts owed to credit institutions	2	0	0	0	0	0
Debts on the first intermediate	3	2.355.489	5.044.351	5.044.351	0	0
Amounts due to affiliated entities	4	0	0	0	0	0
Debt arising from leasing contracts	5	52.127	0	0	0	0
Debt to vendors and diverse creditors	6	93.846	146.475	146.475	0	0
Debt to staff	7	124.509	132.826	132.826	0	0
Amounts due to brokerage assistants	8	75.892	56.627	56.627	0	0
Debts to the social security budget	9	91.974	96.066	96.066	0	0
Debts to the state budget	10	122.631	207.174	207.174	0	0
Debts to special funds in intermediation	11	0	13.649	13.649	0	0
Debts on other taxes, taxes and similar charges	12	39.021	150.819	150.819	0	0
Debts on the amounts to be returned to shareholders	13	393.000	0	0	0	0
Dividends due to shareholders	14	0	2.875.861	2.875.861	0	0
Disbursements from operations under clarification	15	853.014	0	0	0	0

The debts of the company on the 31st of December 2017 relate mainly to debts to insurance companies, amounts settled in January 2018, namely the sum of 5.044.351 (2.355.489 in 2016). The debts to the state budget, representing taxes and duties, refer to amounts paid at the due dates for these obligations. The debt to the associates of the company on January 1, 2017 was returned to them by offsetting with the share capital subscription operation for the sum of 350,000 and the actual flow paid in the amount of 43,000. The dividends approved by the General Shareholders Meeting for distribution, representing amounts from previous years' profits, in a net amount of 2,875,861 lei have a due date in January 2018. Accordingly, the company deducted at source the dividend tax in the amount of 150,819, amount with maturity in January 2018.

At the end of the year, the Company no longer has financial leasing contracts in place. Balance sheet as of January 1, 2017 reflected in the balance sheet, there was a difference

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

of 853,936 lei due to the reconsideration of the settlements in operations under clarification and a sum of 923 lei.

Financial leasing obligations	31st of December 2016	31st of December 2017
with a maturity of up to one year	52.127	0
with a maturity of more than one year	0	0
Total	52.127	0

Obligations on staff and social security budgets are presented to their intended purpose.

NOTE 6: Principles, policies and accounting methods

The individual annual financial statements have been prepared by the Company in accordance with the provisions of the A.S.F. no. 36/2015 for the approval of the Accounting Regulations on the individual annual financial statements and the consolidated annual financial statements applicable to insurance and / or reinsurance brokers ("Standard 36/2015"). The Management of the Company expressly and unconditionally declares that the annual financial statements comply with all the applicable provisions in accordance with Rule 36/2015.

6.1. Significant accounting principles

The financial statements for the year ended December 31st 2017 were prepared in accordance with the following accounting principles:

The principle of continuity of activity

The company will normally continue to operate in a foreseeable future without going into the impossibility of continuing its activity or without significantly reducing it.

The principle of permanent methods

The Company applies the same rules, methods, rules on the valuation, recording and presentation of assets, liabilities and capital in the accounting, ensuring the comparability of the accounting information over time.

NOTE 6: Principles, policies and accounting methods (continued)

The principle of prudence

In preparing the financial statements, account was taken of:

- all value adjustments due to depreciation in asset valuation;
- the profit and loss account included only profit at the balance sheet date;
- debts incurred in the current financial year or previous financial year are recognized even if they become apparent only between the balance sheet date and the date of its preparation.

The principle of accrual accounting

The effects of transactions and other events are recognized when transactions and events occur (and not as cash or cash equivalents are earned or paid) and are recorded in the accounting and reported in the financial statements of the related periods. Income and expenses that arise directly and simultaneously from the same transaction are recognized simultaneously in the accounting by direct association between expenses and related income, with separate disclosure of such income and expense.

The principle of intangibility of the exercise

The opening balance of the exercise corresponds to the closing balance of the previous exercise.

The principle of separate valuation of assets and liabilities

In order to determine the total value of a balance sheet position, the value of each individual asset or debt / equity item was determined separately.

The principle of non-compensation

The values of assets that are active were not offset by the values of the items that represent debts / equity, respectively the revenues with the expenses.

NOTE 6: Principles, policies and accounting methods (continued)

The principle of valuation at acquisition cost or production cost

The items presented in the financial statements are valued on the historical cost basis.

Principle of significance threshold

Elements that are of significant value are presented separately in the financial statements.

Accounting for and disclosing balance sheet and profit and loss account taking into account the economic substance of the transaction or commitment in question

The events and the economic and financial operations were evidenced in the accounting as they were based on the supporting documents. Where there is a difference between the substance or economic nature of an operation or transaction and the legal form, the entity has accounted for those operations in accounting, with due regard for their economic substance.

6.1. Reporting currency

The accounting is in Romanian and in the national currency ("RON" or "LEI"). The elements included in these situations are presented in Romanian lei.

6.2. Basis of drawing up financial statements

Individual Annual Financial Statements of Transilvania Insurance Broker S.A. drawn up in accordance with:

- Accounting Law 82/1991 republished, with subsequent amendments;
- A.S.F. Rule 36/2015, for the approval of the Accounting Regulations on the individual annual financial statements and the consolidated annual financial statements applicable to insurance and / or reinsurance brokers.

NOTE 6: Principles, policies and accounting methods (continued)

These financial statements include:

- Balance Sheet;
- Profit and loss account;
- State of Treasury flows;
- Situation of changes in equity;
- Explanatory notes to the annual financial statements.

The attached financial statements are not intended to present the financial position in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Also, the financial statements are not intended to present the result of operations and a complete set of notes to the financial statements in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Therefore, the attached financial statements are not prepared for the use of persons who are not aware of the Romanian accounting and legal regulations applicable to the Company, the above-mentioned regulations.

6.3. Comparative situations

The financial statements prepared on 31st of December 2017 are comparable to the financial statements prepared on 31st of December 2016. If the amounts for the previous period are not comparable to those for the current period, this is presented and

substantiated in the explanatory notes without altering the comparative figures related to the previous year.

6.3. Use of accounting estimates

The preparation of financial statements in accordance with "Rule 36" requires management to make estimates that influence the reported amounts of assets and liabilities and the presentation of contingent assets and liabilities at the date of the financial statements, as well as the amounts of revenues and expenses during the reporting period. Actual results may differ from what you expected. Estimates are reviewed periodically.

NOTE 6: Principles, policies and accounting methods (continued)

6.4. Continuity of activity

These financial statements were prepared on the basis of the principle of continuity of activity, which implies that the Company will continue its activity in the foreseeable future. To assess the applicability of this assumption, management examines the projections of future cash inflows. On the basis of these analyzes, management believes that the Company will be able to continue its business in the foreseeable future and therefore the application of the principle of continuity of activity in the preparation of individual annual financial statements is justified.

As at 31 December 2017, the Company recorded a profit of RON 3,405,622 with net current assets in the amount of RON 3,104,521.

6.5. Currency conversions

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

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

The LEU / EUR exchange rates at 31 December 2016 and 31 December 2017 were as follows:

Currency	31st of December 2016	31st of December 2017
LEU/EUR	4,5411	4,6597

6.6. Intangible assets

Costs related to software acquisition are capitalized and depreciated on a straight-line basis over the useful life.

Concessions, patents, licenses, trademarks, rights and similar assets are recorded in the intangible asset accounts at the amount of the consideration or the acquisition cost, as the case may be.

Licenses and other intangible assets are depreciated using the linear amortization method.

NOTE 6: Principles, policies and accounting methods (continued)

6.7. Tangible assets

Cost / Evaluation

Tangible assets recognized as assets are initially measured at cost by the Company and subsequently less cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is made up of the purchase price, including irrecoverable charges, after deducting any price reductions of a commercial nature and any costs attributable directly to bringing the asset to the location and to the condition necessary for it to be used in the desired driving purpose, such as initial delivery and handling costs, installation and packaging costs, professional fees.

Expenses for the maintenance and repair of property, plant and equipment are recorded by the Company in the income statement when incurred and significant improvements in tangible assets that increase the useful life or extend their useful life or significantly increase the ability to generate economic benefits by the Company are capitalized. Depreciation is calculated using the straight-line method over their useful lives.

Tangible fixed assets under construction fall into the category of immobilizations finalized after reception, commissioning or putting into operation, as the case may be.

Depreciation

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that substitutes the cost. Depreciation is recognized in profit or loss using the straight-line method over the useful life estimated for each component of an item of property, plant and equipment. Useful lives for the reporting period are as follows:

- Technical installations 3 - 6 years;
- Means of transport 5 years;
- Furniture and office equipment 3 - 6 years.

NOTE 6: Principles, policies and accounting methods (continued)

Any gain or loss on the disposal of an asset is determined by comparing the proceeds of disposal with the carrying amount of the property, plant and equipment and are recognized at fair value through profit or loss for the period.

6.8. Financial assets

Financial assets are initially recorded at the acquisition cost or the amount determined by the acquisition contract. Financial assets are subsequently recorded at the input value less cumulative value adjustments for impairment.

6.9. Impairment of fixed assets

The carrying amount of the Company's assets other than inventories is reviewed at each balance sheet date to determine whether there is any impairment. If such a decrease is probable, the recoverable amount of the asset in question is estimated. Correcting the value of intangible and tangible assets and bringing them to inventory value is made, depending on the type of impairment, either by recording additional depreciation if

irreversible depreciation is found, or by setting or supplementing the impairment adjustments , if a reversible depreciation is found.

Resuming of depreciation adjustments

Impairment loss related to an investment made by the Company in financial instruments or a receivable is resumed if the subsequent increase in recoverable amount can be related to an event that occurred after the impairment loss was recognized.

For other assets, an impairment adjustment is restated if there has been a change in estimates used to determine the recoverable amount.

NOTE 6: Principles, policies and accounting methods (continued)

6.10. Commercial receivables

Commercial receivables are recognized and recorded at the initial amount of the invoices less depreciation adjustments for non-adjustable amounts. Impairment adjustments are made when there is evidence that the Company will not be able to collect the receivables at the agreed initial maturity. Non-recoverable receivables are expensed when they are identified.

6.11. Cash and cash equivalents

Cash disposals consist of cash in cash and bank accounts For the cash flow statement, cash and cash equivalents comprise cash in cash and bank accounts.

6.12. Debts

Commercial obligations are recorded at cost, which represents the amount of the liability that will be paid in the future for the goods and services received, whether or not they have been invoiced to the Company. For debts denominated in RON, which are settled on a currency exchange basis, any favorable or unfavorable differences that result from their valuation are recorded as income or financial expenses, as the case may be.

6.13. Financial leasing contracts

Financial leasing contracts, which transfer to the Company all the risks and rewards of fixed assets leased, are capitalized at the date of commencement of the lease at the acquisition cost of the fixed assets financed by the lease. Lease payments are separated between interest expense and the reduction of the lease liability. Interest expense is recorded directly to the income statement.

Assets capitalized under a finance lease are amortized on a consistent basis with the normal depreciation policy for similar assets.

NOTE 6: Principles, policies and accounting methods (continued)

6.14. Provisions

Provisions are recognized when the Company has a current (legal or constructive) obligation generated by a previous event, it is probable that an outflow of resources will be required to honor the obligation, and the liability can be estimated reliably. The amount of a provision is the best estimate of likely expense or, in the case of a liability, the amount required to settle the obligation.

6.15. Subsidies

Income subsidies include all grants other than for assets.

6.16. Social capital

The share capital formed by common shares is registered at the value established on the basis of the constitutive acts. The Company recognizes the changes in the share capital only after their approval in the General Meeting of Shareholders.

6.17. Legal reserves

It accounts for 5% of the gross profit reported at the end of the year until the total legal reserves reach 20% of the paid up share capital in accordance with the legal provisions. On December 31, 2017, the company has a legal reserve at the legal level, respectively 20% of the share capital.

6.18. *Dividends*

Dividends are recognized as a liability in the period in which their distribution is approved. The distribution of dividends is made after approval of the financial statements.

6.19. *Reported result*

The retained accounting loss is covered from the profit for the current financial year, after the approval of the annual financial statements according to the law.

NOTE 6: Principles, policies and accounting methods (continued)

The accounting records of the accounting profit targets are made in the following year after the general meeting of the shareholders approving the distribution of the profit, by registering the amounts representing dividends to shareholders, reserves and other destinations, according to the law. The recordings of profits can not be returned.

6.20. *Financial instruments*

The financial instruments used by the Company consist mainly of cash, receivables, debts. Instruments of this kind are evaluated in accordance with the specific accounting policies presented in Note 6 "Principles, policies and accounting methods".

6.21. *Income*

Operating income

Income category includes both amounts or values earned or receivable in its own name from current activities, as well as earnings from any other sources. Income from the Company includes income from the negotiation of insurance and reinsurance contracts.

The Company's turnover is comprised of income from the negotiation of insurance and reinsurance contracts and income from other activities related to the object of activity.

Company revenue is recorded as a service provided on the basis of the invoice or other conditions provided in the contracts signed by the Company.

Income from the sale of goods

Revenue from the sale of goods is recorded when the goods are handed over to the buyers, delivered on the basis of the invoice or other conditions stipulated in the contract, attesting the transfer of ownership of the goods to the clients.

NOTE 6: Principles, policies and accounting methods (continued)

Income from royalties, rents, interests and dividends:

They are recognized as such:

- interest rates are recognized on a pro rata basis, proportional to the generation of that income, on the basis of accrual accounting;
- royalties and rents are recognized on the basis of accrual accounting, according to the contract;
- dividends are recognized when the shareholder's right to receive them is determined.

6.22. *Taxes and tolls*

The Company records current income tax in accordance with the Romanian legislation in force at the date of the financial statements. Tax and tax liabilities are recorded in the period they refer to.

6.23. *Accounting errors*

Errors found in accounting may refer either to the current financial year or to previous financial years. Errors are corrected at the time of their discovery.

Correction of errors for the current financial year is made on the basis of the profit and loss account. Correction of significant errors in prior years is carried out on the basis of the retained earnings.

NOTE 7: Participation and funding sources

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

Social capital

Indicator	Value on the 1 st of January 2017	Value on the 1 st of June 2017	Value on the 31 st of December 2017
Subscribed capital subscribed capital (RON)	150.000	500.000	500.000
Number of social shares	15.000	n/a	n/a
Nominal value (lei) / social share	10	n/a	n/a
Number of ordinary shares	n/a	2.500.000	2.500.000
Nominal value (RON) / share	n/a	0,20	0,20

NOTE 7: Participation and funding sources (continued)

On January 1, 2017, the Society was organized as SR with a share capital of 150,000 lei (15,000 shares * 10 lei / social share), subscribed capital paid up and 350,000 subscribed capital subscribed.

Shareholding structure

	Values on the 1 st of June 2017			Values on the 31 st of December 2017		
	No. of shares	Value (lei)	Percentage of ownership (%)	No. of shares	Value (lei)	Percentage of ownership (%)
Shareholder						
LOGIN GABRIEL	1.500.000	300.000	60,0000	1.138.778	227.756	45,5511
NICULAE DAN	1.000.000	200.000	40,0000	761.800	152.360	30,4720
Other shareholders, of which:	0	0	0,0000	599.422	119.884	23,9769
KLASTORF S.R.L.				40.033	8.007	1,6013
KKB Mirai S.R.L.				40.000	8.000	1,6000
Suciu Alexandru				32.755	6.551	1,3102
Kuglis Iosiv Adorian				25.427	5.085	1,0171
RTS Romanian Psychological Testing Serv				25.389	5.078	1,0156
TOTAL	2.500.000	500.000	100,0000	2.500.000	500.000	100,0000

The company turned into S.R.L. following approval by A.S.F. by Decision 698 / 23.05.2017. For this reason, the shareholder structure was described with opening balances on June 1, 2017.

Shareholding structure on January 1, 2017:

Associate	Value on the 1 st of January 2017	
	No. of social parts	Percentage of ownership (%)
	Value (lei)	

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017

(all amounts are expressed in RON (RON), unless otherwise specified)

LOGIN GABRIEL	9.000	90.000	60,0000
NICULAE DAN	6.000	60.000	40,0000
TOTAL	15.000	150.000	100,0000

NOTE 8: Information on employees, board members, executive management

a) The average number of employees and their remuneration evolved as follows :

Indicator	No. of persons	Value on the 30th of June 2017	No. of persons	Value on the 31st of December 2017
Staff management	2	149.306	2	298.148
Personnel involved in sales	10	252.919	10	446.775
Administrative personnel	15,5	451.823	15,5	917.519
TOTAL		854.048		1.662.442
Average number of employees	27,5		27,5	

Wage and related expenses, other expenses with regards to the employees

Indicator	Value on the 31st of December 2016	Value on the 31st of December 2017
Expenditure on staff remuneration	1.595.556	1.770.860
Expenditure on meal vouchers granted to employees	86.567	57.219
Expenditure on insurance and social protection	362.310	441.964
Expenditure on staff training	0	2.211
TOTAL, of which:	2.044.433	2.272.254
Expenditure on executive management personnel	129.090	138.861

b) Board of Directors:

Surname and name	Position	Gross indemnities paid in 2017
NICULAE DAN	Chairman of the Board of Directors	80.145,00
TUICA GABRIEL ALEXANDRU	Member	8.504,00

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

DENES DANIELA TASIA	Independent member	21.257,00
TOTAL		109.906

NOTA 9: CALCULATION of the main economic and financial indicators

Indicator	Value on the 31 st of December 2016	Value on the 31 st of December 2017
1. Liquidity indicators		
Current liquidity indicator (%)	199,51	135,51
Immediate liquidity indicator (%) (current assets without stocks)	199,51	135,50
2. Risk indicators		
Debt Rating Indicator (%)	1,49%	0,00%
Interest coverage indicator	374	n/a
3. Activity indicators		
Speed of inventory rotation	n/a	n/a
Average Cashing Time for Customers (Days)	7,56	6,33
Average payment term insurers (days)	6,00	6,50
Speed of rotation of fixed assets (rotation)	271	415
Speed of rotation of total assets (rotation)	9,13	4,50
4. Profitability indicators		
Return on equity (%)	103,38	122,90
Gross margin on sales (%)	5,76%	7,38%
Net result (RON) per share	1,2207	1,3622

NOTE 10: Other information

10.1. Company Information

TRANSYLVANIA BROKER DE ASIGURARE S.A. - is an insurance intermediation company, established and registered in 2006. The company operates in accordance with the provisions of the Companies Law no. 31/1990 and the Law on the Activity and

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

Supervision of Intermediaries in Insurance and Reinsurance no. 32/2000, with subsequent amendments and amendments. The Company is authorized by the Financial Supervision Authority to provide commercial brokerage services, holds the license number 114.420 of 21 November 2006 and is registered in the Register of Insurance Brokers under no. RBK - 374. The Company is subject to regulations issued by the Financial Supervisory Authority on commercial intermediation. The company has its registered office in Bistrita, str. Zorilor nr. 5, postal code 540014, Bistrita-Nasaud county, is registered at the Trade Register Office under no. J06 / 674/2006 and is identified by the Single Tax Code 19044296.

10.2. Information on relationships with affiliated entities and other related parties

The company does not hold participations in other entities.

10.3. Information on tax on profits

Indicator	Value in 2016	Value in 2017
1. Profit or loss (a)	3.051.682	3.405.623
2. Income-like items	0	0
3. Legal reserve	25.000	70.000
4. Non-taxable income	0	0
5. Non-deductible expenses	1.263.475	1.071.605
6. Non-deductible tax differential		43.457
7. Taxable profit / tax loss for the reporting year (lines 1 + 2-3-4 + 5 + 6)	4.290.157	4.450.685
8. Tax loss from previous years	4	0
9. Taxable profit / tax loss to be recovered in subsequent years (lines 7-8)	4.290.157	4.450.685
10. Current income tax (lines 9 * 16%)	686.425	712.110
11. Tax on reinvested earnings		0
12. Profit tax due (lines 10-11)	686.425	712.110
13. Profit tax due for trim I + II + III	447.179	395.304
14. Spending expenses	137.285	142.422
15. Profit tax due at the end of the period (lines 12-13-14)	101.961	174.384

10.4. Subsequent events

Events after the balance sheet date are those events, whether favorable or unfavorable, occurring between the balance sheet date and the date when the annual financial statements are authorized for issue. Until the date of authorization of the financial statements, there were no further major situations that would damage the presented company image.

10.5. Rental and leasing costs

The Company does not have financial leasing contracts in progress. The rent expenses are 198,030 (up from 2016, when they were in the amount of 193,999 lei) and concern the rents paid by the Company for the locations in which it operates as a registered office and as working places.

10.6. Contingencies

10.6.1. Taxation

All amounts due to the State for taxes have been paid or recorded at the balance sheet date. The fiscal system in Romania is undergoing consolidation, with different interpretations by authorities in relation to tax legislation that may give rise to additional taxes, fees and penalties. If the state authorities discover violations of the legal provisions in Romania, they may, as the case may be: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payments (applied to the actual payment amounts). Therefore, the fiscal sanctions resulting from breaches of the legal provisions may reach significant amounts to be paid to the State.

The Company considers that it has paid in full and in full all taxes, penalties, penalties and penalties, insofar as this is the case.

In Romania, the fiscal exercise remains open for verification for a period of 5 years.

10.6.2. Legal claims (including estimated value)

The Company's management considers that the disputes in which it is involved at the date of the financial statements will not have a significant impact on the operations and the financial position of the Company. However, a contingent liability is required to be presented at the level of the amounts requested in the two cases in which the Company is involved, respectively at the amount of 2,312,582 lei.

10.6.3. Environmental issues

The company is unaware of potential negative environmental impacts due to its operations, which should be quantified. The result of such potential effects is uncertain and the management of the company does not consider it necessary to provide such liabilities to the environment.

10.6.4. Contingent assets

At the date of preparation of the financial statements, for recoverable amounts related to compensations earned in court amounting to RON 424,295, the Company considers it justified to mention contingent assets in the explanatory notes to the individual annual financial statements at the amount of the indemnities earned in 2016. During the year 2017 failed to recover the amount.

10.7. Financial risks

10.7.1. Interest rate risk

The exposure of the Company to the risk of interest rate changes is insignificant at present.

10.7.2. The risk of exchange rate fluctuations

At the date of the financial statements, the Company does not have transactions in a currency other than the national currency (RON).

10.7.3. Credit risk

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017
(all amounts are expressed in RON (RON), unless otherwise specified)

The company engages in commercial relationships only with recognized third parties, which justify credit financing. Debt balances are continuously monitored, resulting in an insignificant exposure of the Company to the risk of non-recoverable receivables.

10.8. Commitments - Guarantees given to third parties

The Company is not engaged in operations that require the granting of third party guarantees.

10.9. House and bank accounts

Indicator	Value on the 1st of January 2017	Valune on the 31st of December 2017
Current accounts with banks (lei)	3.284.311	7.256.927
Deposit accounts (RON)	298.895	0
Cash in cash (lei)	4.855	8.937
Other values (lei)	0	0
Treasury advances (ROL)	0	0
TOTAL	3.588.062	7.265.864

10.10. Expenditure on services rendered by third parties

Indicator	Value in 2016	Value in 2017
Expenditure on energy and water	29.938	27.610
Maintenance and repair costs	4.188	1.643
Expenses with royalties, locations and rents	193.999	198.030
Expenses with insurance premiums	35.099	20.837
Expenses with studies and research	1.400	0
Expenditure on staff training	0	2.211
Expenses with collaborators	541.666	0
Expenditure on commissions and fees	0	952
Protocol, advertising and advertising expenses	179.271	228.062
Expenditure on travel, postings and transfers	31.942	17.742
Postage and telecommunication charges	190.911	212.674
Expenditure on banking and assimilated services	108.728	100.062
Other expenditure on services rendered by third parties	388.714	463.900
TOTAL	1.705.856	1.273.723

The financial statements were authorized on the 22nd of March 2018 by the Board of Directors, with a view to approving the AGM.

TRANSILVANIA BROKER DE ASIGURARE S.A.
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
for the financial year ended December 31st, 2017

(all amounts are expressed in RON (RON), unless otherwise specified)

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

Drafted,
Mrs. Rus Claudia-Adela
Head of Accounting service
Signature _____

I, the undersigned, **GEORGIANA BUCȘĂNEANU**, an authorized Translator for English and French languages, under the licence no. 36050 issued by the Ministry of Justice, certify this is a true and accurate translation of the document in Romanian that was translated by me.

AUTHORIZED TRANSLATOR,
No. 36050



STATEMENT,

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

The annual financial statements for the year ended 31 December 2017 were prepared for :

Entity : Transilvania Broker de Asigurare S.A.

County : Bistrița-Năsăud

Adress : Bistrita, Zorilor Street, no.5

Form of ownership : 34 - Joint-stock company

Trade registry number : J06/674/2006

Predominant activity (code and NACE class) : 6622- Activities of insurance agents and brokers

Fiscal identification code : 19044296

Undersigned Rus Claudia Adela, assumes responsibility for the preparation of the annual financial statements as of 31.12.2017 and confirms that :

- a) The accounting policies used to prepare the annual statements are in accordance with the applicable accounting regulations;
- b) The annual financial statements provide a true picture of the financial position, financial performance and other information related to the business carried out with applicable accounting regulations;
- c) The legal person carries out its activity in terms of continuity

Signature,

RUS CLAUDIA-ADELA

RAOffice Audit

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Tg Mures, str. Dr. Emil Dandea, nr. 1
Phone no.: 0744.285.345
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CAFR licensing Decree No. 123
Office of the Trade Register Mures :J 26-1031-2014
VAT number: RO33761083

REPORT OF THE INDEPENDENT AUDITOR

To the Shareholders of **TRANSILVANIA BROKER DE ASIGURARE S.A.**
Bistrita, Bistrita-Nasaud county

Report on the individual yearly financial statements

Opinion

1. I have audited the annexed financial statements of the company TRANSILVANIA BROKER DE ASIGURARE S.A. ("the Company ") which include the Balance Sheet on the 31st of December 2017, the Profit and Loss Account, The Situation of the changes in the own capital, the Situation of the Cash Flows , for the financial year concluded on the 31.12.2017 and a summary of the significant accounting policies and other explanatory notes.
2. The individual annual financial statements on the 31st of December 2017 are identified as follows:
 - Net current assets/ total own capitals: 3.234.399 lei
 - Net profit of the financial year: 3.405.622 lei
3. In our opinion, the annexed annual financial statements are offering a true image of the company's financial position on the 31.12.2017, as well as of it's financial performance and cash flows for the financial year concluded at that date, according to the applicable accounting regulations, i.e. Regulation 36/2015 for the approval of the Accounting Regulations in respect of individual annual financial statements and the consolidated annual financial statements applicable to insurance and/ or reinsurance brokers ("Regulation 36/2015").

Foundation of the opinion

4. We have performed our audit according to the International Audit Standards ("ISA"), the EU Regulation No. 537 of the European Parliament and Council (hereinafter referred to as "the Regulation") and to Law No. 162/2017 ("the Law"). Our responsibilities based on these standards are described in detail in the section "Responsibilities of the Auditor in an audit of the financial statements" from our

report. We are independent to the Company, according to the requirements of professional ethics relevant for the audit of financial statements in Romania and we have fulfilled our other professional ethic responsibilities, according to these requirements. We think that the audit samples that we have obtained are sufficient and appropriate in order to supply a foundation for our opinion.

Key aspects of the audit

5. The key aspects of the audit are those aspects which, based on our professional reasoning, had the greatest importance for the audit of the financial statements of the current period. These aspects were approached in the context of the financial statements audit as a whole and in forming our opinion in respect of these financial statements and we do not offer a separate opinion in respect of these aspects.

i) Assessment of the receivables

According to the requirements of the applicable accounting regulations, the Company management makes assertions in respect of the assessment of the receivables presented at the report date, presenting them at the value to which they are expected to be realized. As mentioned in Note 5 "Situation of the receivables and debts" and Note 10.7.3 "The credit risk" there are receivables from various debtors, of which some are overdue. The collection of these receivables and the assessment of the adjustments for the depreciation of the receivables has represented a significant aspect analyzed.

Our answer in respect of the risk of significant misstatement in connection with the assessment of these receivables at the report date, materialized in audit procedures which have intended among others:

- To test the recognition mode of the receivables including their cashing process;
- To test the recognition mode of the uncertain receivables, as well as tests for the recalculation of the adjustments for the depreciation of receivables for overdue receivables;
- To obtain and to assess the answers received from the lawyers and to discuss the adjustments for the depreciation of receivables with the management and with the Company's own legal counsel, where applicable;

ii) Litigations and disputes.

In performing its activities, the Company is exposed to potential losses as a consequence of administrative procedures or judicial decrees. As mentioned in Note 10, Point 10.6, the Company is involved in a series of litigations with business partners or other thirds.

The recognition of certain liabilities in the financial statements or presenting as contingency liability in the explanatory notes to the financial statements, involves inherently the making of professional judgments and is based on a

series of hypotheses, declarations and assessment of significant impact.

The amounts involved can be considerable. Establishing possible values, to the aim of recognizing or presenting them in the financial statements, is inherently based on a subjective reasoning, too.

Our answer has had in mind the understanding of the risks of significant denaturation existing in connection with the management's assertions in respect of litigations and disputes. Our audit procedures have pursued among others:

-to obtain and to assess the answers gotten from the lawyers and to discuss with the Company management the nature and stage of the litigations, as well as the potential exposures. In this respect, special attention was given to the pending litigation with Asiom (action in claims for the amount of 2.117.832 lei)

-discussions with the Company lawyer who is in charge of the pending litigations and we have assessed the impact on the financial statements;

-critical assessment of the hypotheses and estimations of the Company in connection with litigations and disputes, in conjunction with the assessment made by the lawyer external to the Company;

-assessment of the extent to which the information in the explanatory notes to the individual financial statements regarding litigations and disputes present the potential debts of the Company in an appropriate manner.

iii) Initial balances

In the first audit year, we as auditors must establish the adequacy of the respective amounts and balances of the accounts at the beginning of the respective audited period. We also must understand the accounting policies applied, in order to make sure that these are applied consistently throughout the reporting periods.

Our audit procedures had in mind among others:

-to understand the accounting policies applied through the analyses of the manual of accounting policies and of the technical documentations for specific accounting issues;

-to assess the way in which the accounting policies reflected in the initial balances have been applied consistently in the financial statements of the current period;

-to review the key elements of the audit file for the year 2016;

-whether the effect of the misrepresentations found for the initial balances is accounted appropriately and presented accordingly in the current financial statements;

Other information - Managers' Report

6. Other information includes the Managers' Report. This information includes the Managers' Report but does not include financial statements and the auditor's report

in respect of these. The Managers are responsible to draw up and to present the Managers' Report according to the stipulations of Points 427 - 429 Regulation 36/ 2015 and for the internal control deemed by the Managers to be necessary in order to allow the drawing up and presentation of the Managers' Report which would not include significant misstatements, due to fraud or error.

Our opinion in respect of the financial statements does not cover this information too, and except for the case in which it is explicitly mentioned in our report, we do not express any insurance conclusion in respect of it.

Regarding the audit of the financial statements for the financial year concluded on the 31st of December 2017, our responsibility is to read that other information and, in this approach, to evaluate whether the information is significantly inconsistent with the financial statements, or with the knowledge that we have obtained during the audit, or if they seem to be significantly misstated.

In respect of the Managers Report, we have read and report if it is drawn up, in all significant aspects, according to Regulation 36/ 2015, Points 427 - 429.

Based exclusively on the activities which must be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Report for the financial year for which the financial statements were drawn up is consistent, in all significant aspects, with the financial statements;
- b) The Managers' Report was drawn up, in all significant aspects, according to Regulation 36/ 2015, Points 427 - 429.

Responsibilities of the management and of the persons in charge with the governance for the financial statements

7. The Company Management is responsible for drawing up financial statements which would offer a faithful image according to Standard 36/ 2015 and for the internal control deemed by the Managers to be necessary in order to allow the drawing up of financial statements which would not include significant misstatements, due either to fraud or error.
8. In drawing up the financial statements, the Management is responsible for the evaluation of the Company's capacity to continue activity, for the exhibition, if applicable, of the aspects referring to the continuation of the activity and for the use of accounting based on the continued activity, except for the case in which the management intends either to liquidate the Company or to stop operations, or has no other realistic alternative beside these two.
9. The persons responsible for the governance are responsible for the surveillance of the financial reporting process of the Company.

Responsibilities of the auditor in an audit of the financial statements

10. Our aims are to obtain a reasonable insurance regarding the extent to which the financial statements, as a whole, are free of significant misstatements, caused either by fraud or by error, as well as to issue an auditor's report which includes our opinion. The reasonable insurance is a high level of insurance, but is no guarantee of the fact that an audit carried out according to ISA will always detect a significant misstatement, if there is one. Misstatements can be caused either by fraud, or by error, and are considered to be significant if one can reasonably expect that these, individually or together, shall influence the users' economic decisions, taken based on these financial statements.
11. As part of an audit according to ISA, we exercise professional judgment and maintain professional skepticism during the audit. Also:
 - We recognize and assess the risks of significant misstatement of the financial statements caused either by fraud or by error, we plan and execute audit procedures as a response to the respective risks and we obtain sufficient and appropriate audit samples in order to supply a foundation for our opinion. The risk not to detect a significant misstatement caused by fraud is significantly higher than the risk not to detect a significant misstatement caused by error, because fraud may involve secret arrangements, forgery, intentional omissions, untrue statements and avoidance of internal control.
 - We understand the internal control relevant for the audit, in order to plan audit procedures appropriate to the circumstances, but without having the goal to express an opinion on the efficiency of the Company's internal control.
 - We assess the adequacy of the accounting policies used and the reasonable character of the accounting estimates and of the respective display of information made by the management.
 - We draw a conclusion in respect of the adequacy of the use by the management of the accounting based on the continuity of the activity and we determine, based on the audit samples obtained, whether there is a significant uncertainty in respect of events or terms which could generate significant doubts in respect of the Company's ability to continue the activity. If we reach the conclusion that there is a significant uncertainty, then, in the Auditor's report we must draw the attention on the respective representations in the financial statements or, if these representations are inadequate, alter our opinion. Our conclusions are based on the audit samples obtained up to the date of the auditor's report. Still, future events or circumstances may determine the Company not to operate any longer based on the principle of the continued activity.

12. We communicate to the persons in charge of governance, among other points of view, the planned area and the scheduling of the audit in due time, as well as the main findings of the audit, including any significant deficiencies of the internal control which we find during the audit.
13. We also supply to the persons in charge of governance a statement regarding our conformity with the ethical requirements regarding independence and we inform in respect of all relations and further aspects which may be reasonably considered to affect our independence and, where applicable, the appropriate safety measures.
14. Of the issues communicated to the persons in charge of governance, we establish which had the greatest importance in auditing the financial statements of the current period and which are considered as key issues of the audit. These issues are described in our audit report, with the exception of the cases in which the law prohibits the publication of such information or, extremely rare, if we find that a certain issue should not be communicated in our report because the adverse consequences could reasonably exceed the public interest benefits of such communication.

Report in respect of further legal provisions and regulation

15. The financial statements of the financial year concluded on the 31st of December 2016 were audited by another auditor, and the audit report issued contains an unqualified opinion dated 21.04.2017.
16. We were appointed by the Ordinary General Meeting of Shareholders on the 08.06.2017 to audit the financial statements of TRANSILVANIA BROKER DE ASIGURARE S.A. for the financial year concluded on the 31st of December 2017. The total uninterrupted duration of our commitment is of 1 year, covering the financial year concluded on the 31st of December 2017.

We confirm that:

- Our audit opinion is consistent with the additional report presented to the Company's Audit Committee, which we have issued at the same date on which we have issued this report too. Also, in conducting this audit we have kept our independence to the audited entity.
- We have not supplied for the Company prohibited non-audit services mentioned in Article 5 Paragraph (1) of the EU Regulation No. 537/ 2014.

In the name of RAO AUDIT OFFICE S.R.L.:

registered with the Chamber of the Financial Auditors
of Romania with number 1237/ 2014

signature. Seal: Neag Ramona No.2600 Chamber of the Financial Auditors

Partner auditor, Dr.Neag Ramona
registered with the Chamber of the Financial Auditors
of Romania with number 2600/ 2008

Tg.Mures, 21.03.2018