



REPORT

**on the Preliminary
Annual Financial Results
related to the reporting period ended on
31.12.2018**

TRANSILVANIA BROKER DE ASIGURARE S.A.

Issuer admitted to trading on the regulated market of de Bursa de Valori București S.A./BSE

Pursuant to provisions of Law 24/2017 and FSA Regulation no. 5/2018 on issues of financial instruments and market operations,

The issuer **TRANSILVANIA BROKER DE ASIGURARE S.A.** informs the interested parts on the preliminary financial results of the company on December 31, 2018.

Date: 26.02.2019

Company: TRANSILVANIA BROKER DE ASIGURARE S.A.

Headquarters: Mun. Bistrița, Calea Moldovei nr. 13, jud. Bistrița-Năsăud

Phone/Fax: 0263-235900, Fax: 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: Regulated Market

1. ECONOMIC AND FINANCIAL SITUATION

1.1. ANALYSIS OF FINANCIAL POSITION

ACTIVE				
Indicators of the financial position (values are expressed in lei currency)	2017 31 December	2018 31 December	Variation (%) 2018/2017	Share in total asset (%), la 31.12. 2018
Fixed assets	129.878	1.856.788	+1329,64%	18,81%
Intangible assets	15.954	18.045	+13,11%	0,18%
Tangible assets	98.849	1.816.081	+1737,23%	18,4%
Financial assets	15.075	22.662	+50,33%	0,23%
Current assets	11.821.715	8.003.379	-32,30%	81,08%
Stocks	942	0	-100,00%	0%
Receivables from which:	4.554.909	4.111.730	-9,73%	41,66%
receivables from brokerage activities	372.013	836.446	+124,84%	
receivables – various debtors	3.831.490	2.619.277	-31,64%	
Other receivables	351,406	656,007	+86,68%	
Cash availability	7.265.864	3.891.649	-46,44%	39,42%
Expenses registered in advance	6.656	11.117	+67,02%	0,11%
TOTAL ASSETS	11.958.249	9.871.284	-17,45%	100%

- During the reporting period, *Current Assets*, the most important asset, decreased both in absolute and relative terms. Their decrease by 3.82 million lei (-32.3%) determined the decrease of the current assets ratio from 98.9% in 2017 to 81.08% at the end of 2018, in favour of the non-current assets.
- The decrease in the value of current assets is the result of the significant decrease both in receivables and in cash.
- The decrease of *receivables* by 9.73% compared to the reference period is determined by the reduction by 1.21 million lei of other receivables of various debtors. Brokerage receivables, which represent brokerage commissions with a maturity of up to 30 days, show at the reporting date a value of 124.84% higher than on 31.12.2017, reflecting an increased activity of brokerage in the last period of 2018 compared to the same period of 2017.
- At the end of the reporting period, receivables accounted for 51.38% of current assets, 12.84 pp. more than the share reported at the end of 2017.
- As a result, mainly, because of the partial financing of the acquisition of real estate and the payment of dividends, the *cash availability* recorded a decrease of 3,374 million lei (-46.44%), their share in the total assets diminishing from 60.76% to 31.12.2017, to 39.42% on 31.12.2018.
- During the reporting period, the value of *Fixed Assets* increased from 130 thousand lei to 1,86 million lei, following the purchase of buildings with a contractual value of 1,698,272 lei, consisting of office building and related land

having the registered office, according to the resolution from the Extraordinary General Assembly of Shareholders on December 6, 2018.

- An increase of 50% was also recorded in the case of the *financial assets*, with a limited impact on the value of non-current assets, given their low share in total fixed assets.
- The increase in the value of the fixed assets (+1.73 million lei), associated with the decrease of the value of the current assets (-3.82 million lei), led to the decrease of the total assets of the company by 17.45%, from 11.96 million lei to 9.87 million lei.

EQUITIES AND LIABILITIES

Indicators of the financial position (values are expressed in lei currency)	2017 31 December	2018 31 December	Variation (%) 2018/2017	Share in total liabilities (%), la 31.12.2018
Current debts	8.723.850	4.078.759	-53,25%	41,32%
Bank loans		200.400		2,03%
Debts related to brokerage activity	5.044.351	3.315.470	-34,27%	33,59%
Other short-term debts	3.679.499	562.889	-84,70%	5,70%
Non-current debts	0	1.199.600		12,15%
Long-term loans	0	1.199.600		12,15%
Total debts	8.723.850	5.278.359	-39,5%	53,47%
Social capital	500.000	500.000		5,07%
Reserves, from which:	100.000	100.000		1,01%
Legal reserves	100.000	100.000		1,01%
Reported result, from which	(-701.223)	34.399	-	0,35%
- resulting from the correction of accounting errors	(-701.223)	-	-	-
- non-distributed profit	-	34.399	-	0,35%
The result of the period	3.405.622	3.958.526	16,24%	40,1%
Distribution of profit	70.000	0	-	-
Total equity	3.234.399	4.592.925	42,00%	46,53%
TOTAL EQUITIES AND LIABILITIES	11.958.249	9.871.284	-17,45%	100%

- *Total debts* decreased by 3.45 million lei during the analysed period compared to the reference period (-39.5%). On 31.12.2018, short-term debts recorded a value of 84.7% lower than on 31.12.2017, while the value of long-term debts was by 1.2 million lei higher than in the reference period.

- The decrease in the *current debt* position (-84.7%) was due to short-term liabilities related to the brokerage activity and to other current debts, respectively:
 1. Current debts related to brokerage activity reported values 34.27% lower than in 2017 (-1.73 million lei).
 2. The decrease of "Other short-term debts" arises from the payment of dividends, valued at 2,88 million lei at the end of 2017. During 2018, the company paid dividends related to the years 2016 and 2017 in the total value of 5, 47 million lei.
 3. Other categories of short-term debts decreased by 30.6% (-246 thousand lei), reaching 558 thousand lei on 31.12.2018.
- Non-current debts as on 31.12.2018 reflected the contracting of a long-term bank loan in value of 1.4 million lei for the partial financing of the acquisition of real estate, according to the resolution of the Extraordinary General Assembly of Shareholders from December 6, 2018. Out of the amount of the loan, the amount of LEI 200,4 thousand represents outstanding obligations within one year .Consequently, the long-term debts represented 22.73% of the Total Debt, 19.34% of the Fixed Capital and 11.67% of the Total Liabilities, the end of the reporting period.

Besides this bank credit, the company has no other long-term debt.
- The relative evolution of the current debts (-3.12 million lei) and non-current (+1.2 million lei) reflects a prudent low risk policy directed by the management by maintaining a level of indebtedness relatively low and sufficient net treasury for current asset financing needs.
- *The social capital and reserves*, in shares of 10.9% and 2.2%, respectively, of equity, did not change in 2018 compared to 2017.
- *The result of the exercise*, in value of 3.96 million lei on 31.12.2018, is by 552.9 thousand lei higher than the one reported for the year 2017, contributing in proportion to 86.2% to the Equity, 68.34% to the Permanent Capital and 40.1% at the Total Loss.
- Given the decrease of current debts by 4.65 million lei, the increase of the non-current debts by 1.2 million lei and the equity by 1.36 million lei, the total liabilities decreased by 2.09 million lei, respectively with -17.45%.
- A brief analysis of the financial balance of the company highlights the availability of significant permanent resources to cover the various current financing needs. The working capital increased from 3.1 million in 2017 to 3.94 million in 2018 (+ 26.77%) as the positive change in absolute value of the permanent capital exceeded that of the fixed assets. The net treasury remains positive, in value of 3.9 million lei at the end of the financial year in 2018.

1.2. ANALYSIS OF THE FINANCIAL PERFORMANCE

PROFIT AND LOSS ACCOUNT

Indicators of the financial position (values are expressed in lei currency)	2017 31 December	2018 31 December	Variation (%) 2018/2017	Share in income/related expense (%), 2018
Operating incomes, from which:	53.906.286	62.144.821	+15,28%	100%
Incomes from brokerage activity	53.835.203	62.121.897	+15,39%	99,96%
Incomes from subventions and other incomes from business	71.083	22.924	-67,75%	0,04%
Operating expenses, from which:	49.931.129	57.484.914	+15,13%	100%
Expenditures with commissions due to broker agents	45.544.380	51.905.798	+13,97%	90,29%
Expenditures of services provided by third parties	1.273.722	2.183.280	+71,41%	3,8%
Expenditures of material nature as consumables, inventory objects	131.427	135.666	+3,23%	0,24%
Expenses with other taxes, fees and similar payments	173.037	80.113	-53,70%	0,14%
Personnel expenditures	2.270.043	2.327.041	+2,51%	4,05%
Depreciation expenditures	135.930	76.591	-43,65%	0,13%
Other operating expenses	402.590	776.425	+92,86%	1,35%
RESULTS FROM OPERATION	3.975.157	4.659.907	+17,23%	-
Financial incomes	2.692	17.753	+559,47%	-
Financial expenses	2.539	0	-	-
FINANCIAL RESULT	153	17.753	+ 11.503,27%	-
GROSS RESULT	3.975.310	4.677.660	+17,67%	-
Profit tax	569.688	719.134	+26,23%	-
NET RESULT	3.405.622	3.958.526	+16,24%	-

- Income from the brokerage activity, which is identified as net turnover and represents 99.96% of total operating income, increased by 15.39% compared to the previous year, against the background of the revenues increasing from the negotiation of insurance contracts (+8, 34 million lei).
- Other operating income decreased by 67.29%, reaching 22.9 thousand lei at the end of 2018.
- As a result, the operating income registered an increase of 15.28% compared to the year 2018 (+ 8.24 million lei)

- The value of *total operating expenses* increased by 7.55 million lei, mainly on expenses with the commissions due to brokers (+6.36 million lei), other expenses on services rendered by third parties (+ 910 thousand lei), as well as of the value adjustments and provisions set up at the level of receivables (+478 thousand lei).
- At the end of the financial year 2018, the operating profit was 4.66 million, lei, by 17.23% higher than the one resulted in the reference period.
- During the reporting period, the interest incomes increased 6.8 times to 17,753 lei, resulting in a positive financial result of 17.8 thousand lei.
- The positive dynamics of the operating result led to the increase of the gross profit of the exercise by 702 thousand lei, representing an increase of 17.67% as compared to 2017. After deducting the profit tax expense, the entity obtained a net profit of 3, 96 million lei, up 16.24% compared to the reference period.

2. ANALYSIS OF THE ECONOMIC AND FINANCIAL INDICATORS

2.1. Liquidity and solvency indicators

Liquidity and solvency indicators	Calculation	2017 31 December	2018 31 December	Reference interval
General liquidity	Current assets/ current debts	1,355	1,962	>2
Immediate liquidity (quick ratio)	(current assets-stocks / Current debts	1,35	1,96	>0.8
Quick liquidity (cash ratio)	Cash / Current debts	0,83	0,95	
General solvency	Total Asset / Total debts	1,371	1,870	>1
Patrimonial solvency	Equity / (Equity + Debts) * 100	27,05%	46,53%	>30%

- The decrease by more than 50% of the due short-term debts with the increase of the current assets by 26.77% advanced the value of the general liquidity indicator at the optimal level. („2”).
- Given the nature of the insurance brokerage that does not involve significant stocks, the quick ratio overlaps the general liquidity indicator Immediate liquidity, which reflects the possibility of paying short-term debts on the treasury (cash and short-term placements) approaches the unit value, significantly over the minimum threshold of 0.2-0.3.
- The self-financing capacity of the company and the extent to which it can honour its third-party payment obligations, expressed in terms of value through solvency ratios, is relatively high. General solvency that reflects the extent to which total liabilities can be covered by the company's assets shows a strong growth trend, total assets being almost double the value of the total debts. Equity also exceeded 17 pp. the reference of 30% of the company's funding sources.

2.2. Risk indicators

Risk indicators	Calculation	2017 31 December	2018 31 December	Reference interval
Indicator of indebtedness	Long-term debt / Permanent capital * 100	0,00%	20,71%	< 50%
Global indebtedness rate	Total debt / Total assets * 100	72,95%	53,47%	< 50%

- *The degree of indebtedness*, although rising over the reference period as a result of long-term bank credit, presents a relatively low level of risk: long-term debt is of 20.71% of the company's capital, significantly below the 50% Threshold.
- *The global indebtedness rate*, which measures the proportion in which the total asset is funded from sources other than its own, also describes a favourable trend for the company, decreasing from 73% to 53%. -

2.3. Profitability and margin indicators

Profitability indicators	Calculation	2017 31 December	2018 31 December
Margin of operating result	Operating result/ Turnover *100	7,38%	7,50%
Net profit margin	Net Profit / Turnover * 100	6,33%	6,37%
Margin of financial profitability	Net profit / Equity * 100	105,29%	86,19%
Return on permanent capital	Profit net / Permanent Capital	105,29%	68,34%

- Profitability indicators develop a slight tendency to appreciation.
- The financial profitability and permanent capital, although declining amid growth rates of equity and permanent capital higher than net profit growth rates, are above 85% and 65%, respectively.
- Conclusively, the scoreboard of economic and financial indicators presents a relatively low level of risk, a comfortable level regarding the company's ability to honour its financial obligations as well as an efficient management of the company's resources expressed through positive results and increasing profitability levels.

3. IMPORTANT REPORTING EVENTS

Among the most important initiatives of 2018, with a relevant impact on the dynamics of activity, on current and future performance, we mention:

- investments in the IT system, especially in the new version of the 24broker IT application, with a direct effect on the efficiency and organization of the company's activity, the level of security and compliance with the legal requirements regarding the right to personal data protection (EU Reg. 679/2016);
- further developing of the Corporate and Life & Health departments and the stimulating growth on optional insurance classes.



The strong positive evolution of voluntary insurance during 2017 continues in 2018, when life assurance, although still under 1% of total insured premiums, increased by 133.6% contributing to 14.25% growth of 9.9 million lei of the total value of the premiums insured:

Total amount of brokerage premiums	2017	2018	Variation 2018/2017 (%)
TOTAL, from which:	339.813.092	349.708.971	2.91%
Life insurances	1.055.320	2.465.091	133.59%
General insurance, from which:	338.757.772	347.243.880	2.51%
CASCO (B III)	39.605.956	43.720.492	10.39%
RCA (B X)	256.792.030	249.831.421	-2.71%
fire and natural calamities (B VIII)	22.059.260	24.818.035	12.51%
damage to properties (B IX)	4.481.066	7.079.207	57.98%
general civil liability (B XIII)	5.454.460	6.481.311	18.83%
<i>other classes of general insurance</i>	<i>10.365.000</i>	<i>15.313.414</i>	<i>47.74%</i>

Among the general insurance category, the classes with the most significant increases were the voluntary insurances: *property insurance (+ 58%), general civil liability insurance (+ 18.8%), fire insurance and natural calamities (+ 12.5%) and CASCO (+ 10.4%).*

- branding and advertising in online and offline (including franchises) for a better, unitary outlook, more present on the market. These include initiatives to engage in the local community and society through various sponsorships.
- projects to develop „soft skills” and improve communication with clients and clients of Transilvania Broker de Asigurare S.A

Other events at the General Meeting of Shareholders include:

- EASA and EAEC resolution from July 25, 2018 targeting:
 - ✓ extending the mandate of the members of the Board of Directors (Niculae Dan - Chairman / General manager, Deneș Daniela Tasia - non-executive independent member, Tuica Gabriel Alexandru - non-executive member) and setting the remuneration period for each of them;
 - ✓ the appointment of the new Executive Director, namely, Mr. Cotiac Ion, appointment subsequently approved by the Financial Supervisory Authority, by Decision no.1218 / October 12, 2018.
- EASA and EAEC resolution from December 06, 2018 targeting:
 - ✓ the financial auditor Udrescu Iulian is appointed as internal auditor, starting with 01.01.2019, during the term of the Board of Directors;
 - ✓ the purchase of an office building and land related to it, is approved with the destination of a head office;
 - ✓ the contracting of a financing line and provisions of securities required for the acquisition of the said immovable property is approved;
 - ✓ the transfer of the headquarters to the new location in Bistrița, Calea Moldovei nr. 13, jud. Bistrița-Năsăud, which is to be subject to the approval of the FSA, after the completion of the legal formalities regarding the change of the real estate destination;
 - ✓ the amendment to the Articles of Incorporation shall be approved accordingly.



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

**THE FINANCIAL SITUATIONS ON WHICH THE REPORT HAS BEEN SUBMITTED ARE NOT
AUDITED.**

CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. Niculae Dan

Bistrița,
on 26.02.2019

BALANCE SHEET
INSURANCE BROKERS
on December 31, 2018
(all amounts are expressed in LEI, unless otherwise stated)

	01 ianuarie 2018	31 decembrie 2018
Fixed assets, total of which	129.878	1.856.788
Intangible assets	15.954	18.045
Tangible assets	98.849	1.816.081
Financial assets	15.075	22.662
Current assets, total of which	11.821.715	8.003.379
Receivables related to brokerage activity and other receivables	4.554.909	4.111.730
Cash and bank accounts	7.265.864	3.891.649
Prepayments	6.656	11.117
TOTAL ASSETS	11.958.249	9.871.284
Current debts, total of which	8.723.850	4.078.759
Debts related to brokerage activity	5.044.351	3.315.470
Trade and other debt	629.876	549.124
Due dividends	2.875.861	5.092
Current income tax debt	173.762	209.073
Net current assets / Net current liabilities	3.104.521	3.935.737
Total assets minus current debts	3,234,399	5.792.525
Non - current debts, total of which	-	1.199.600
Long-term loans	-	1.199.600
TOTAL DEBTS	8.723.850	5.278.359
Subscribed and paid share capital	500.000	500.000
Subscribed and unpaid share capital	-	-
Reserves	100.000	100.000
Reported result, out of which	(-701.223)	34.399
- resulting from the correction of accounting errors	(-701.223)	34.399
The result of the period	3.405.622	3.958.526
Profit distributions	(70.000)	-
TOTAL EQUITIES	3.234.399	4.592.925
TOTAL DEBTS AND EQUITIES	11.958.249	9.871.284

CHAIRMAN OF THE BOARD OF DIRECTORS
Niculae Dan
HEAD OF ACCOUNTING SERVICE
Partiu-Vasilichi Oana



profit and loss account

insurance brokers

on December 31, 2018

(all amounts are expressed in LEI, unless otherwise stated)

	December 31, 2017	December 31, 2018
Operating income		
Income from brokerage activity	53.835.203	62.121.897
Revenue from subsidies and other operating income	71.083	22.924
Total operating income	53.906.286	62.144.821
Operating Expenses		
Expenditure on fees due to brokerage assistants	45.544.380	51.905.798
Expenditure on services rendered by third parties	1.273.722	2.183.280
Expenditure on consumables and materials as inventory items	131.427	135.666
Expenses with other taxes, duties and similar charges	173.037	80.113
Personnel costs	2.270.043	2.327.041
Depreciation costs	135.930	76.591
Other operating expenses	402.590	776.425
Total operating expenses	49.931.129	57.484.914
Profit or loss of operation	3.975.157	4.659.907
Financial income		
Interest income	2.613	17.753
Other financial incomes	79	0
Total financial income	2.692	17.753
Financial expenses		
Interest charges	1.295	0
Other financial incomes	1.244	0
Total financial expenses	2.539	0
Financial Profit or Loss	153	17.753
Gross profit or loss)	3.975.310	4.677.660
Profit tax expense	569.688	719.134
Net profit or loss for the financial year	3.405.622	3.958.526

CHAIRMAN OF THE BOARD OF DIRECTORS

Niculae Dan

HEAD OF ACCOUNTING SERVICE

Partiu-Vasilichi Oana