

ANNUAL REPORT 2017 ONIX ASIGURARI S.A.

The annual report is drawn up in accordance with Rule no. 41/2015 approving the Accounting Regulations Concerning the Separate and Consolidated Annual Financial Statements of the Entities Pursuing the Insurance and/or Reinsurance Business and Rule no. 5/2018 for modifying and completing the Accounting Regulations Concerning the Separate and Consolidated Annual Financial Statements of the Entities Pursuing the Insurance and/or Reinsurance Business, approved by Financial Supervision Authority's Rule no. 41/2015.

Company name: ONIX ASIGURARI S.A.

Legal status: Joint-stock company

Order number in the Registry of Insurers: RA - 31/10.04.2003

Trade Registry Office number (Incorporation number): J40/7361/2012

Sole Registration Number: 10509908

LEI Code: 213800TOAW5GTMZ1BL19

Registration number of the notification for the personal data processing: 25821

Registered office: Bucharest, Daniel Danielopolu Street, no.2, 3rd Floor, District 1

Shareholders Structure on 31 December 2017:

1. Egadi Company S.R.L. : 99.993360 %
2. Lentini Simone : 0.006640 %

The share capital in the amount of 50,000,000 lei is divided into 500,000 registered shares with a nominal value of 100 lei/share.

The Company management and administration:

During the period 1 January 2017-31 December 2017, the Company was managed by:

- ❖ The General Shareholders Assembly;
- ❖ The Managing Board;
- ❖ The Executive Management.

The Managing Board on 31 December 2017 was composed of the following persons:

- | | |
|-------------------|--------------|
| Delia Arsenie | – President; |
| Costina Nicolae | – Member; |
| Florentina Stoian | – Member. |

The Executive Management on 31 December 2017 was ensured by:

- | | |
|-----------------|--------------------------|
| Delia Arsenie | – General Manager |
| Adriana Cirstei | – Deputy General Manager |

Concise management report on 31 December 2017

ONIX ASIGURARI SA is a joint-stock company, authorized for non-life insurance activities, as per CAEN Number 6512 and it is functioning at its registered office in Bucharest, Daniel Danielopolu Street, no.2, 3rd Floor, District 1, Romania.

Based on the freedom to provide services, the Company is authorized to underwrite insurance policies on seven other European markets, such as: France, Germany, Spain, Portugal, Austria, Bulgaria and Italy, for the

insurance classes no. A.13- General Liability, no. A 14 - Credit; no. A 15 - Suretyship and no. A 16 - Miscellaneous financial losses.

Based on the right of establishment, the Company obtained the authorisation for its Italian branch for classes: no. A 14 - Credit; no. A 15 - Suretyship and no. A 16 - Miscellaneous financial losses, but the branch was not operational during 2017 due to IVASS decision no 51-13-000856/20.12.2013.

During 2017, no new contracts were concluded on the Italian market, as the Company was complying with the above mentioned decision, the Company performing exclusively the necessary operations for good management and administration of the on-going portfolio.

In April 2017, in relation with the Court File no. C-559/15, between the Company and IVASS, the European Court of Justice issued a court decision in favour of Onix Asigurari.

At the date of the present Report, the litigation between Onix Asigurari SA and IVASS was concluded by the Italian State Council final and irrevocable decision issued on 9 February 2018, which dismissed IVASS decision no. 51-13-000856/20.12.2013.

General information:

During 2017, the Company issued a number of 140 new guarantee insurance policies, the value of the gross premiums written was RON 28,126,301 and the value of gross premiums cancelled was RON 92,208.

The main economic-financial indicators for the year ended on 31 December 2017 (amounts in RON):

Total Income	38,050,616
Total Expenses	22,617,001
The Yearly Gross Result	15,433,615
Profit Tax	2,327,442
The Yearly Net Result	13,106,173
Total Balance-sheet Assets	102,619,723
Gross Claims Paid	333,014

Solvency ratios as at 31 December 2017 (amounts in RON):

Own Funds	66,043,748
SCR – Solvency Capital Requirement	44,184,634
MCR – Minimum Capital Requirement	17,010,380

During 2017, the Company continued its reinsurance quota share treaty with a company rated „**A-**”.

Insurance Categories and Classes for which the Company is authorised to underwrite:

During 2017, the Company received the ASF decision no. 1819/ 14.12.2017, approving the equivalence of the insurance classes denomination for which the Company is authorized to practice in accordance with the ASF Rule no. 20/2016, as follows:

- A.1.** Accidents, including industrial injury and occupational diseases;
- A.3.** Land vehicles, other than railway rolling stock; covering all damage or loss of: motor vehicles and other vehicles;
- A.7.** Goods in transit, irrespective of the form of transport; covering all damage or loss of: merchandise, baggage or other goods;
- A.8.** Fire and natural forces, covering all damage or loss of property, other than property included in Classes A3 through A7 due to: fire, explosion, storm and natural forces, nuclear energy and land subsidence and landslide;

- A.9.** Other damage or loss of property other than property included in Classes A3 through A7 due to: hail, frost, theft and other events not covered by Class 8;
- A.10.** Motor vehicle liability, the use of motor vehicles operating on the land, including carrier's liability;
- A.13.** General liability, other than those referred to in Classes A10 through A12;
- A.14.** Credit covering: insolvency, in general, export credit, instalment credit, mortgages, agricultural credit;
- A.15.** Suretyship: direct or indirect;
- A.16.** Miscellaneous financial loss: unemployment, insufficiency of income- in general, bad weather, loss of benefits, continuing general expenses, unforeseen trading expenses, loss of market value, rent and other revenues, other indirect trading loss, other non-trading financial loss, other forms of financial loss;
- A.18.** Assistance for persons who get into difficulties while travelling, while away from their home or their habitual residence.

General Information regarding insurance products and fiscal provisions applied to insurance contracts:
 Onix Asigurari S.A. underwrote in 2017 exclusively Class A. 15 – Suretyship, providing the following insurance products:

- ✓ Suretyship insurance for participation to tenders- BID BOND,
- ✓ Suretyship insurance for the advanced payment refund- ADVANCE PAYMENT BOND,
- ✓ Performance bond insurance for the contract- PERFORMANCE BOND,
- ✓ Suretyship insurance for maintenance- MAINTAINANCE BOND,
- ✓ Suretyship insurance for succesive retainings- RETENTION BOND.

The insurance and/or reinsurance operations and associated services provisions, performed by brokers are exempted from the value added tax.

Insurance products distribution network and channels:

Onix Asigurari S.A. insurance products are distributed through insurance brokers based on brokerage contracts.

Presentation of the support network and indemnity agencies:

The Company carries out its activity at its registered office in Bucharest, Daniel Danielopolu Street, no. 2, 3rd Floor, District 1.

All insurance applications and claim notifications are received and processed at this location.

Concise report of the external financial auditor:

The 2017 financial statements prepared according to up-dated ASF Rule no. 41/2015 were audited by Audit Consulting Legal International SRL, their short form report is presented below.



Str. Pieta Văcărescu nr. 25
 Bloc 20/4, Ap. 14, Sector 1
 București, România
 Tel: +40 21 310 72 18
 Fax: +40 21 310 72 17
 N. in. Reg. Com.: J40/14456/2006
 C.I.F.: RO19007991

Report of the independent auditor on the summary financial statements
 To the shareholders of ONIX Asigurari S.A.

Audit Opinion

The summary financial statements presented in the attached annual report of ONIX Asigurari S.A. (the "Company"), comprising the summary balance sheet as at 31 December 2017 and the summary profit and loss account for the financial year then ended, are derived from the audited financial statements of the Company prepared by the Company in accordance with the requirements of Norm 41/2015 issued by the Financial Supervisory Authority ("ASF Norm 41/2015"), as subsequently modified.

In our opinion, the summary financial statements derived from the complete financial statements of the Company for the financial year ended on 31 December 2017 are consistent, in all material respects, with those audited financial statements.

The summary financial statements

The summary financial statements do not contain all the disclosures required by ASF Norm 41/2015, as subsequently modified. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements prepared in accordance with ASF Norm 41/2015, as subsequently modified.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements, prepared in accordance with ASF Norm 41/2015, as subsequently modified, in our audit report dated 24 April 2018.

Management's responsibility for the summary financial statements

The management of the Company is responsible for the preparation of the summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements, based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA 810 Revised) "Engagements to report on summary financial statements".

Cristian Gabriel Mihăilescu
 Cristian Gabriel Mihăilescu
 member of the Romanian Chamber of Auditors with no. 1467

in the name of

Audit Consulting Legal International SRL
 authorized by the Romanian Chamber of Auditors with no. 671/2006

14 May 2018



**SUMMARIZED FINANCIAL INFORMATION
SUMMARIZED BALANCE SHEET AS AT 31 DECEMBER 2017**

ASSETS	LEI
Intangible assets	84,051
Financial assets	86,591,900
Receivables	6,158,188
Technical reserves ceded	885,290
Prepayments	4,953,878
Other assets	3,946,416
TOTAL ASSETS	102,619,723

LIABILITIES	LEI
Equity, out of which:	66,102,792
Share Capital	50,000,000
Technical reserves	26,564,003
Other liabilities	9,837,476
Deferred income	115,452
TOTAL LIABILITIES	102,619,723

**SUMMARIZED PROFIT AND LOSS ACCOUNTS FOR
THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2017**

Technical account of general insurance- short version	LEI
Gross earned premium	28,026,865
Other technical income	1,001,742
Claim expense, net of reinsurance	-333,014
Variation of RBNS, net of reinsurance	-1,264,737
Variation of URR	-3,715,540
Operational expenses	- 14,847,009
Other technical expenses	-149,443
Profit	8,718,864
Non-technical account- short version	LEI
Technical result of general insurance (profit)	8,718,864
Income from investments	2,531,132
Expenses with investments	-157,517
Other non-technical income	7,936,423
Other non-technical expenses	- 3,595,287
Gross profit	15,433,615
Profit tax	-2,327,442
Net profit	13,106,173

The basis of the summarized financial statement preparation:

These summarized financial statements consisting of the summarized balance-sheet as at 31 December 2017 and the summarized profit and loss account for the year then ended, were drawn up by the extraction of relevant information, from the complete financial statements of Onix Asigurari S.A. The financial statements were prepared in accordance with Rule no. 41/2015 for approving the Accounting Regulations Concerning the Separate and Consolidated Annual Financial Statements of the Entities Pursuing the Insurance and/or Reinsurance Business and they will be available on Company's site: www.onix.eu.com.

Investments:

In 2017, the investments were carried out directly by the Company and the investment policy was oriented to investments in bank deposits with fixed interest and state bonds issued by the Romanian state, in order to permanently ensure the Company's solvency and liquidity.

Strategies and perspectives in developing the Company's activity:

For the year 2018, the Company aims to extend its insurance activity on new European markets, to become more cost efficient, to raise the products profitability, to expand the brokers network according to the established strategy and business plan.

We confirm our commitment to remain competitive at the profit level; the criteria of profitability and healthy management of our portfolio on prudential basis representing the main targets of the Company and its development strategy.