

# **ANNUAL REPORT**

**Beginning of accounting year:** 01.01.2017

**End of accounting year:** 31.12.2017

**Business name:** Intus Hoiu-Laenuühistu

**Registry code:** 12748028

**Street/building number:** Tartu mnt 25

**City:** Tallinn

**County:** Harju County

**Postal code:** 10117

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## Management Report

Intus Hoiu-Laenuühistu (hereinafter Intus Savings and Loan Association or Intus S&L) was registered in Tallinn on 5 November 2014. Intus Hoiu-Laenuühistu is a financial institution that was founded for the provision of savings, accounting and lending services to natural and legal persons the purpose of which is to provide services to its members through joint activities. Intus Hoiu-Laenuühistu is a developing financial institution wishing to provide its members saving and lending services at an advantageous price.

During the accounting year, the company operated according to its Articles of Association. At the end of the year, the number of members of the company was 90. Thirteen new members were added during the accounting year. As of 31 December 2017, the amount of the share capital was 290,150 euros (share capital entered in the Commercial Register). The amount of 1,950 euros, which was paid into the equity by the members who were added during the accounting period, has been recorded in the balance sheet as a liability.

In 2017, Intus Savings and Loan Association had one employee (Sales Manager) to whom wages in the amount of 4,127 euros were paid. The members of the management board and the supervisory body were paid remuneration in the amount of 22,073 euros. No changes are planned to make regarding the members of the management board and the supervisory body.

| <b>Financial ratios</b>                     | <b>2017</b> | <b>2016</b> |
|---|-------------|-------------|
| Interest income                             | 27,399      | 8,286       |
| Income growth %                             | 231         | 3,503       |
| Gross profit margin %                       | -25         | -69         |
| Net profit/loss                             | -1,638      | -4,236      |
| Profit growth                               | 61          | -147        |
| Net profit margin %                         | -6.0        | -51         |
| Coverage coefficient of current liabilities | 1.9         | 3.7         |
| Liquidity coverage ratio (Acid test ratio)  | 1.9         | 3.7         |
| ROA %                                       | -0.1        | -0.6        |
| ROE %                                       | -0.6        | -1.4        |

Equations used in calculation of ratios:

Income growth (%) = (interest income 2017 – interest income 2016) / interest income 2016 \* 100

Gross profit margin % = gross profit/ interest income \* 100

Profit growth (%) = (net profit 2017 – net profit 2016) / net profit 2016 \* 100

Net profit margin (%) = net profit/ interest income \* 100

Coverage coefficient of current liabilities (in times) = current assets/ current liabilities

Liquidity coverage ratio or acid test ratio = (current assets – inventories)/ current liabilities

ROA% = net profit/ total assets \* 100

ROE (%) = net profit/ total owner's equity \* 100

## Annual Accounts

### Balance sheet

(In EUR)

|   | 31.12.2017       | 31.12.2016     | Note No |
|---|------------------|----------------|---------|
| 4,088                                       |                  |                |         |
| Current assets                              |                  |                |         |
| Cash  | 4,088            | 72,196         |         |
| Financial investments                       | 253,327          | 235,469        | 2       |
| Receivables and prepayments                 | 749,431          | 339,747        | 3       |
| Inventories                                 | 0                | 15,380         |         |
| <b>Total current assets</b>                 | <b>1,006,846</b> | <b>662,792</b> |         |
| Fixed assets                                |                  |                |         |
| Investments in subsidiaries and associates  | 218,400          | 10,000         | 5       |
| Property, plant and equipment               | 14,987           | 0              | 6       |
| <b>Total fixed assets</b>                   | <b>233,387</b>   | <b>10,000</b>  |         |
| <b>Total assets</b>                         | <b>1,240,233</b> | <b>672,792</b> |         |
| Liabilities and owner's equity              |                  |                |         |
| Liabilities                                 |                  |                |         |
| Current liabilities                         |                  |                |         |
| Payables and prepayments                    | 539,346          | 175,382        | 7       |
| <b>Total current liabilities</b>            | <b>539,346</b>   | <b>175,382</b> |         |
| Non-current liabilities                     |                  |                |         |
| Payables and prepayments                    | 406,591          | 201,606        | 7       |
| <b>Total non-current liabilities</b>        | <b>406,591</b>   | <b>201,606</b> |         |
| <b>Total liabilities</b>                    | <b>945,937</b>   | <b>376,988</b> |         |
| Owner's equity                              |                  |                |         |
| Share capital in nominal value              | 290,150          | 290,150        | 8       |
| Legal reserve                               | 950              | 2,634          |         |
| Other reserves                              | 1,814            | 0              |         |
| Retained profit (loss)                      | 3,020            | 7,256          |         |
| Profit (loss) for accounting year           | -1,638           | -4,236         |         |
| <b>Total owner's equity</b>                 | <b>294,296</b>   | <b>295,804</b> |         |
| <b>Total liabilities and owner's equity</b> | <b>1,240,233</b> | <b>672,792</b> |         |

**Income statement**

(In EUR)

|   | <b>2017</b>   | <b>2016</b>   | <b>Note No</b> |
|---|---------------|---------------|----------------|
| Interest income                           | 27,399        | 8,286         |                |
| Interest expenses                         | -34,178       | -13,967       |                |
| <b>Net interest income</b>                | <b>-6,779</b> | <b>-5,681</b> |                |
| Service fee income                        | 1,086         | 1,574         |                |
| Service fee expenses                      | -766          | -683          |                |
| <b>Net service fee income</b>             | <b>320</b>    | <b>891</b>    |                |
| Investment income                         | 17,858        | 27,466        |                |
| Investment expenses                       | 0             | -26,668       |                |
| <b>Net investment income</b>              | <b>17,858</b> | <b>798</b>    |                |
| Other financial income and expenses       | 0             | 494           |                |
| Other operating income                    | 166,607       | 116,152       |                |
| Miscellaneous operating expenses          | -143,817      | -70,321       |                |
| Labour expense                            | -31,939       | -30,049       | 9              |
| Depreciation and impairment loss reversal | -2,304        | 0             |                |
| Other operating expenses                  | -1,529        | -16,520       |                |
| Profit (loss) from subsidiaries           | -55           | 0             |                |
| <b>Profit (loss) before income tax</b>    | <b>-1,638</b> | <b>-4,236</b> |                |
| <b>Profit (loss) for financial year</b>   | <b>-1,638</b> | <b>-4,236</b> |                |

## **Notes on Annual Accounts**

### **Note 1. Accounting Principles**

#### **General information**

The 2017 annual accounts of Intus Hoiu-Laenuühistu have been prepared in accordance with accounting principles generally accepted in the Republic of Estonia. Main requirements of generally accepted accounting principles have been prescribed by the Accounting Act of the Republic of Estonia and supplemented by guidelines issued by the Accounting Standards Board.

The annual accounts of a small enterprise have been prepared.

The annual accounts have been prepared in euro (EUR).

#### **Financial assets**

Financial assets and liabilities are initially recorded at their acquisition cost that is the fair value received for the financial assets and liabilities in question. Trade receivables, accrued income and other short-term and long-term debt obligations have been recorded at adjusted cost.

#### **Cash**

Cash at hand and balance on bank account is reported as cash and cash equivalents.

#### **Foreign currency transactions and financial assets and liabilities stated in foreign currency**

Upon reflecting the transactions in fixed foreign currency, the exchange rates of the European Central Bank effective on the date when the transaction was performed have served as a basis. Financial assets and liabilities stated in foreign currency which are reported using fair value method have been translated on the balance sheet date into euros on the basis of the exchange rates effective on the balance sheet date. Profit and loss received from foreign currency transactions have been reported as operating income and expenses for the accounting period.

#### **Shares of subsidiaries and associates**

Investments in subsidiaries and associates are initially recorded at their acquisition cost, which is adjusted during the next periods:

- (a) by the investor's participation in the owner's equity of investment object;
- (b) amortisation of goodwill arisen upon acquisition and possible write-downs; and
- (c) by reporting the negative goodwill arisen upon acquisition as revenue.

Equity method is used in reporting the ownership interest in the assets and liabilities of the enterprise acquired and the goodwill arisen upon acquisition in the balance sheet as a net amount on the same entry, and in reporting the participation in the income and expenses of the enterprise acquired on the same entry in the income statement.

## **Receivables and prepayments**

Loans given to members and other trade receivables have been reported in the balance sheet as receivables. Companies, non-profit associations and private persons are preferred as customer groups. Trade receivables are reported in the balance sheet in the amount likely to be received. Discounts of receivables are reported in the balance sheet on the line item "Doubtful trade receivables". Non-collectable receivables are removed from the balance sheet.

## **Property, plant and equipment and intangible assets**

Property, plant and equipment are initially registered in their acquisition value which comprises of the purchase price and the costs directly related to acquisition (including the costs that are necessary for bringing the assets to their location and for ensuring their working condition). Property, plant and equipment are reported in the balance sheet in their acquisition cost from which accumulated depreciation and possible discounts arising from impairment are deducted.

Depreciation of property, plant and equipment is calculated during five years using a straight-line method.

## **Minimum value of fixed asset 5,000**

## **Financial liabilities**

All financial liabilities are reported in the balance sheet at their adjusted acquisition cost. Interest expenses on financial liabilities are reported during the accounting period in the income statement. A financial liability is removed from the balance sheet if it has been satisfied, terminated or it has expired.

## **Taxation**

Pursuant to the applicable legislation, corporate profit is not taxed in Estonia, wherefore there are no deferred income tax claims or liabilities. In Estonia, the tax is charged instead of income on the dividends subject to payment from the income at the rate of 20/80 on the amount of net dividends paid. Corporate income tax related to the payment of dividends is reported in the income statement as income tax expense during the same period when the dividends are declared, irrespective of the period for which they were declared or when they are actually paid.

## **Related parties**

The parties are deemed to be related parties if one party controls the other party or exercises significant influence on the business decisions of the other party.

The company considers the following persons as related parties:

\* management and higher supervisory body and individuals with material ownership interest, except in the case when the persons in question lack the opportunity to materially influence the business decisions of the company

\* close family members of management and higher supervisory body and individuals with material ownership interest and entities under their prevalent or material influence.

**Note 2. Current financial investments**

(In EUR)

|   | Shares         | Total          |
|---|----------------|----------------|
| <b>31.12.2015</b>                           | 34,265         | 34,265         |
| Acquisition                                 | 200,000        | 200,000        |
| Profit (loss) from disposal and revaluation | 1,204          | 1,204          |
| <b>31.12.2016</b>                           | <b>235,469</b> | <b>235,469</b> |
| Profit (loss) from disposal and revaluation | 17,858         | 17,858         |
| <b>31.12.2017</b>                           | <b>253,327</b> | <b>253,327</b> |

Intus Hoiu-Laenuühistu has made investments through the trading accounts of LHV Pank and Saxo Bank.

**Note 3. Receivables and prepayments**

(In EUR)

|  | 31.12.2017     | Within 12 months | Note No |
|--|----------------|------------------|---------|
| Trade receivables                                      | 157,843        | 157,843          |         |
| Accounts receivable                                    | 165,500        | 165,500          |         |
| Doubtful receivables                                   | -7,657         | -7,657           |         |
| Tax prepayments and receivables                        | 10             | 10               | 4       |
| Other receivables                                      | 545,697        | 545,697          |         |
| Loan receivables                                       | 516,961        | 516,961          |         |
| Interest receivables                                   | 27,233         | 27,233           |         |
| Accrued income   | 1,503          | 1,503            |         |
| Prepayments  | 0              | 0                |         |
| Deferred expenses                                      | 0              | 0                |         |
| Loan and interest receivables submitted for collection | 12,381         | 12,381           |         |
| Collateral for commercial lease contract               | 4,632          | 4,632            |         |
| Receivables from subsidiaries                          | 28,868         | 28,868           |         |
| <b>Total receivables and prepayments</b>               | <b>749,431</b> | <b>749,431</b>   |         |
|  |                |                  |         |
|  | 31.12.2016     | Within 12 months | Note No |
| Trade receivables                                      | 112,341        | 112,341          |         |
| Accounts receivable                                    | 116,000        | 116,000          |         |
| Doubtful receivables                                   | -3,659         | -3,659           |         |
| Tax prepayments and receivables                        | 0              | 0                | 4       |
| Other receivables                                      | 171,715        | 171,715          |         |
| Loan receivables                                       | 168,415        | 168,415          |         |
| Interest receivables                                   | 2,086          | 2,086            |         |
| Accrued income   | 1,214          | 1,214            |         |



|  |                |                |  |
|--|----------------|----------------|--|
| Prepayments  | 26,435         | 26,435         |  |
| Deferred expenses                                      | 26,435         | 26,435         |  |
| Loan and interest receivables submitted for collection | 7,657          | 7,657          |  |
| Receivables from subsidiaries                          | 21,599         | 21,599         |  |
| <b>Total receivables and prepayments</b>               | <b>339,747</b> | <b>339,747</b> |  |

During the accounting period, Intus Savings and Loan Association carried out identification procedures concerning the establishment of all business relations according to the internal security measures of Intus S&L in order to comply with the diligence obligation to prevent money laundering and terrorist financing. All new members were identified while being present by the representatives of the Savings and Loan Association.

In Estonia, the customers were identified both in the office of Intus S&L and in the offices of Eesti Post AS.

In a foreign country (in Italy), the customers were identified at a time and in a place previously agreed through the employees or representatives of the Savings and Loan Association. Intus S&L has the copies of certifying documents on all customers, and the identification process confirmations provided by the representatives and the customers. All employees of Intus Savings and Loan Association have been trained with respect to the implementation of diligence measures.

#### **Note 4. Tax prepayments and liabilities**

(In EUR)

|  | <b>31.12.2017</b>      |                        | <b>31.12.2016</b>      |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | <b>Tax prepayments</b> | <b>Tax liabilities</b> | <b>Tax prepayments</b> | <b>Tax liabilities</b> |
| Personal income tax                          | 0                      | 930                    | 0                      | 1,242                  |
| Fringe benefit income tax                    | 0                      | 49                     | 0                      | 105                    |
| Social tax                                   | 0                      | 990                    | 0                      | 1,295                  |
| Mandatory funded pension                     | 0                      | 40                     | 0                      | 59                     |
| Unemployment insurance premiums              | 0                      | 10                     | 0                      | 15                     |
| Interest                                     | 0                      | 10                     | 0                      | 0                      |
| Prepayment account balance                   | 10                     |                        | 0                      |                        |
| <b>Total tax prepayments and liabilities</b> | <b>10</b>              | <b>2,029</b>           | <b>0</b>               | <b>2,716</b>           |

## Note 5. Shares of subsidiaries

(In EUR)

| Shares of subsidiaries, general information |                          |                          |                    |                        |            |
|---|--------------------------|--------------------------|--------------------|------------------------|------------|
| Registry code of subsidiary                 | Name of subsidiary       | Country of incorporation | Principal activity | Ownership interest (%) |            |
|   |                          |                          |                    | 31.12.2016             | 31.12.2017 |
| 12890789                                    | Intus Holding OÜ         | Estonia                  | Holding company    | 100                    | 100        |
| 16960                                       | Intus Life Assurance Ltd | Antigua and Barbuda      | Insurance          | 0                      | 100        |

| Shares of subsidiaries, detailed information                      |               |                |                                |               |                |  |
|---|---------------|----------------|--------------------------------|---------------|----------------|--|
| Name of subsidiary  | 31.12.2016    | Acquisition    | Profit (loss) by equity method | Other changes | 31.12.2017     |  |
| Intus Holding OÜ  | 10,000        | 0              | -55                            | 0             | 9,945          |  |
| Intus Life Assurance Ltd  | 0             | 218,360        | 0                              | -9,905        | 208,455        |  |
| <b>Total shares of subsidiaries at the end of previous period</b> | <b>10,000</b> | <b>218,360</b> | <b>-55</b>                     | <b>-9,905</b> | <b>218,400</b> |  |

| Acquired ownership interest: |                               |                  |                                     |
|------------------------------|-------------------------------|------------------|-------------------------------------|
| Name of subsidiary           | Acquired ownership interest % | Acquisition date | Cost of acquired ownership interest |
| Intus Life Assurance Ltd     | 100                           | 12 July 2017     | 218,360                             |

## Note 6. Property, plant and equipment

(In EUR)

|                                  | Other property, plant and equipment | Total  |
|----------------------------------|-------------------------------------|--------|
| <b>31.12.2016</b>                |                                     |        |
| Acquisition cost                 | 0                                   | 0      |
| Accumulated depreciation         | 0                                   | 0      |
| <b>Residual cost</b>             | 0                                   | 0      |
| Acquisitions and additions       | 17,291                              | 17,291 |
| Other acquisitions and additions | 17,291                              | 17,291 |
| Depreciation cost                | -2,304                              | -2,304 |
| <b>31.12.2016</b>                |                                     |        |
| Acquisition cost                 | 17,291                              | 17,291 |
| Accumulated depreciation         | -2,304                              | -2,304 |
| <b>Residual cost</b>             | 14,987                              | 14,987 |

**Note 7. Payables and prepayments**

(In EUR)

|  | 31.12.2017     | Allocation by remaining maturity |                     |               | Note No |
|--|----------------|----------------------------------|---------------------|---------------|---------|
|  |                | Within 12 months                 | Within 1 to 5 years | Over 5 years  |         |
| Trade payables                                   | 1,330          | 1,330                            | 0                   | 0             |         |
| Employee payables                                | 540            | 540                              | 0                   | 0             |         |
| Tax payables                                     | 2,029          | 2,029                            | 0                   | 0             | 4       |
| Other payables                                   | 25,501         | 25,501                           | 0                   | 0             |         |
| Interest payables                                | 23,548         | 23,548                           | 0                   | 0             |         |
| Other accrued expenses                           | 1,953          | 1,953                            | 0                   | 0             |         |
| Members' term deposits                           | 565,112        | 158,521                          | 372,842             | 33,749        |         |
| Members' savings deposits                        | 117,320        | 117,320                          | 0                   | 0             |         |
| Payables to holders – unregistered share capital | 4,130          | 4,130                            | 0                   | 0             |         |
| Other payables to members                        | 21,520         | 21,520                           | 0                   | 0             |         |
| Payables for shares of subsidiaries              | 208,455        | 208,455                          | 0                   | 0             |         |
| <b>Total payables and prepayments</b>            | <b>945,937</b> | <b>539,346</b>                   | <b>372,842</b>      | <b>33,749</b> |         |
|  |                |                                  |                     |               |         |
|  | 31.12.2016     | Allocation by remaining maturity |                     |               | Note No |
|  |                | Within 12 months                 | Within 1 to 5 years | Over 5 years  |         |
| Trade payables                                   | 309            | 309                              | 0                   | 0             |         |
| Employee payables                                | 230            | 230                              | 0                   | 0             |         |
| Tax payables                                     | 2,716          | 2,716                            | 0                   | 0             | 4       |
| Other payables                                   | 5,761          | 5,761                            | 0                   | 0             |         |
| Interest payables                                | 5,170          | 5,170                            | 0                   | 0             |         |
| Other accrued expenses                           | 591            | 591                              | 0                   | 0             |         |
| Members' term deposits                           | 311,790        | 110,184                          | 171,681             | 29,925        |         |
| Members' savings deposits                        | 54,000         | 54,000                           | 0                   | 0             |         |
| Payables to holders – unregistered share capital | 2,180          | 2,180                            | 0                   | 0             |         |
| <b>Total receivables and prepayments</b>         | <b>376,988</b> | <b>175,382</b>                   | <b>171,681</b>      | <b>29,925</b> |         |

**Note 8. Share capital**

(In EUR)

|                  | <b>31.12.2017</b> | <b>31.12.2016</b> |
|------------------|-------------------|-------------------|
| Share capital    | 290,150           | 290,150           |
| Number of shares | 9,672             | 9,672             |

**Note 9. Labour expense**

(In EUR)

|   | <b>2017</b>   | <b>2016</b>   |
|---|---------------|---------------|
| Wage and salary expense   | 4,128         | 3,957         |
| Social security taxes   | 5,738         | 5,419         |
| Remuneration paid to members of management and supervisory body | 22,073        | 20,673        |
| <b>Total labour expense</b>                                     | <b>31,939</b> | <b>30,049</b> |
| Average number of employees in full time equivalent units       | 1             | 1             |
| Average number of employees by types of employment              |               |               |
| Persons employed under employment contract                      | 1             | 1             |
| Members of management or controlling bodies of legal persons    | 12            | 12            |

**Note 10. Related parties**

(In EUR)

**Related party balances according to groups**

|   | <b>31.12.2017</b>  |                    | <b>31.12.2016</b>  |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <b>Receivables</b> | <b>Liabilities</b> | <b>Receivables</b> | <b>Liabilities</b> |
| Subsidiaries  | 28,868             | 208,459            | 0                  | 0                  |
| Management and higher supervisory body and individuals with material ownership interest and entities under their prevalent and material influence | 27,233             | 1,470              | 27,233             | 0                  |
| Legal persons with material ownership interest and entities under their prevalent and material influence  | 52                 | 0                  | 0                  | 0                  |
| Loans given to entities related to members of management and higher supervisory body  | 411,990            | 0                  | 30,000             | 0                  |
| Accounts receivable of entities related to members of management and higher supervisory body  | 165,500            | 0                  | 116,000            | 0                  |

| <b>2017</b>   | <b>Loans given</b> | <b>Repayments of loans given</b> | <b>Loans received</b> | <b>Repayments of loans received</b> |
|---|--------------------|----------------------------------|-----------------------|-------------------------------------|
| Management and higher supervisory body and individuals with material ownership interest and entities under their prevalent and material influence |                    |                                  |                       |                                     |
| Member of management board  | 0                  | 20,000                           | 0                     | 0                                   |
| Member of management and supervisory body   | 0                  | 10,000                           | 0                     | 0                                   |
| Entity related to members of management and higher supervisory body   | 424,800            | 60,100                           | 0                     | 0                                   |

| <b>2016</b>   | <b>Loans given</b> | <b>Repayments of loans given</b> | <b>Loans received</b> | <b>Repayments of loans received</b> |
|---|--------------------|----------------------------------|-----------------------|-------------------------------------|
| Management and higher supervisory body and individuals with material ownership interest and entities under their prevalent and material influence |                    |                                  |                       |                                     |
| Member of management board  | 50,000             | 2,767                            | 0                     | 0                                   |
| Member of management and supervisory body   | 10,000             | 0                                | 0                     | 0                                   |
| Entity related to members of management and higher supervisory body   | 53,000             | 23,000                           | 0                     | 0                                   |

### Purchases and sales

|   | <b>2017</b>      |              | <b>2016</b>      |              |
|---|------------------|--------------|------------------|--------------|
|   | <b>Purchases</b> | <b>Sales</b> | <b>Purchases</b> | <b>Sales</b> |
| Management and higher supervisory body and individuals with material ownership interest and entities under their prevalent and material influence | 3,456            | 165,500      | 0                | 116,000      |

| <b>Remuneration and other significant benefits calculated for members of management and higher supervisory body</b> |             |             |
|---|-------------|-------------|
|   | <b>2017</b> | <b>2016</b> |
| Calculated remuneration   | 22,073      | 20,673      |

To the knowledge of the preparer of the report, the members of the management and supervisory body and the entities related to them were the related parties with whom transactions were concluded in 2016 and 2017.

## INDEPENDENT SWORN AUDITOR'S REPORT

To the shareholders of Intus Hoiu-Laenuühistu (hereinafter Intus Savings and Loan Association)

### Report on Annual Accounts

#### Qualified Opinion

We have audited the annual accounts of Intus Savings and Loan Association (commercial association) comprising of the balance sheet as of 31 December 2017, the income statement for the financial year ending on the above-mentioned date and the notes to the annual accounts, including the summary of essential accounting principles.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the annual accounts present fairly, in all material respects, the financial position of the commercial association as at 31 December 2017 and its financial performance for the year that ended on that date in accordance with the accounting principles generally accepted in Estonia.

#### Basis for Qualified Opinion

Pursuant to § 28 (9) of the Savings and Loan Associations Act, the total amount of loan granted to a member of a savings and loan association must not exceed the amount of the contribution paid by the member more than twenty times or 20 per cent of the equity capital of the savings and loan association. A loan with the amount of 388.7 thousand euro has been given to a related person that is reported on balance sheet line item "Receivables and Prepayments" of Intus Savings and Loan Association, which exceeds the above requirement.

We conducted the audit in compliance with International Standards on Auditing (Estonia) (ISAs (EE)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report. We are independent of the company in accordance with the Handbook of the Code of Ethics for Professional Accountants (Estonia) (Code of Ethics (EE)) and we have complied with our other ethical duties in accordance with the requirements of the Code of Ethics (EE). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Other Information

Management is responsible for other information. Other information comprises the management report, but does not include the annual accounts or our relevant sworn auditor's report.

Our opinion on the annual accounts does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, it is our responsibility to read other information and, in doing so, consider whether other information is materially inconsistent with the annual accounts or our knowledge obtained during the audit or otherwise appears to be materially misstated.

If we conclude on the basis of the work done that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibility of Management and Those Charged with Governance in connection with the Annual Accounts

Management is responsible for the preparation and fair presentation of the annual accounts se financial statements in accordance with the Financial Reporting Standards as adopted in Estonia and for such internal

control as management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, management is responsible for assessing the commercial association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the commercial association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for the supervision of the reporting process of the commercial association's accounting.

### **Sworn Auditor's Responsibility in connection with the Audit of the Annual Accounts**

Our objective is to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a sworn auditor's report containing our opinion. Reasonable assurance is a high level assurance but is not a guarantee that an audit conducted in accordance with International Auditing Standards (EE) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with International Auditing Standards (EE), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, plan and perform auditing procedures in response to these risks, and obtain sufficient and relevant audit evidence, which serves as a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commercial association's internal control;
- Evaluate the appropriateness of accounting principles used and the reasonableness of the accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the commercial association's ability to continue as a going concern. If we conclude, that a material uncertainty exists, we are required to draw attention in the sworn auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the sworn auditor's report. However, future events or conditions may cause the commercial association to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Requirements arising from Law and Regulatory Requirements**

1. Pursuant to § 22 (3) of the Savings and Loan Associations Act, the net assets of a savings and loan association must be equal to at least the share capital at all times during its operation. Intus Savings and Loan Association has not complied with this requirement.
2. Pursuant to § 27 (1) of the Savings and Loan Associations Act, the savings and loan association must invest at least 5 per cent of the total amount of the deposits of its members in an Estonian credit institution or a credit institution of another EEA state in the form of a call deposit. Intus Savings and Loan Association has not complied with this requirement.

/Digitally signed/

Mai Palmipuu  
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12 October 2018