

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

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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.

Financial ratios	2017	2016
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	
Total current assets	1,006,846	662,792	
Fixed assets			
Investments in subsidiaries and associates	218,400	10,000	5
Property, plant and equipment	14,987	0	6
Total fixed assets	233,387	10,000	
Total assets	1,240,233	672,792	
Liabilities and owner's equity			
Liabilities			
Current liabilities			
Payables and prepayments	539,346	175,382	7
Total current liabilities	539,346	175,382	
Non-current liabilities			
Payables and prepayments	406,591	201,606	7
Total non-current liabilities	406,591	201,606	
Total liabilities	945,937	376,988	
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	
Total owner's equity	294,296	295,804	
Total liabilities and owner's equity	1,240,233	672,792	

Income statement

(In EUR)

	2017	2016	Note No
Interest income	27,399	8,286	
Interest expenses	-34,178	-13,967	
Net interest income	-6,779	-5,681	
Service fee income	1,086	1,574	
Service fee expenses	-766	-683	
Net service fee income	320	891	
Investment income	17,858	27,466	
Investment expenses	0	-26,668	
Net investment income	17,858	798	
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	
Profit (loss) before income tax	-1,638	-4,236	
Profit (loss) for financial year	-1,638	-4,236	

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)

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

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	
Total receivables and prepayments	749,431	749,431	
	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	
Total receivables and prepayments	339,747	339,747	

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)

	31.12.2017		31.12.2016	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
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	
Total tax prepayments and liabilities	10	2,029	0	2,716

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	
Total shares of subsidiaries at the end of previous period	10,000	218,360	-55	-9,905	218,400	

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)

		Total
	Other property, plant and equipment	
31.12.2016		
Acquisition cost	0	0
Accumulated depreciation	0	0
Residual cost	0	0
Acquisitions and additions	17,291	17,291
Other acquisitions and additions	17,291	17,291
Depreciation cost	-2,304	-2,304
31.12.2016		
Acquisition cost	17,291	17,291
Accumulated depreciation	-2,304	-2,304
Residual cost	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	
Total payables and prepayments	945,937	539,346	372,842	33,749	
	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	
Total receivables and prepayments	376,988	175,382	171,681	29,925	

Note 8. Share capital

(In EUR)

	31.12.2017	31.12.2016
Share capital	290,150	290,150
Number of shares	9,672	9,672

Note 9. Labour expense

(In EUR)

	2017	2016
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
Total labour expense	31,939	30,049
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

	31.12.2017		31.12.2016	
	Receivables	Liabilities	Receivables	Liabilities
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

2017	Loans given	Repayments of loans given	Loans received	Repayments of loans received
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

2016	Loans given	Repayments of loans given	Loans received	Repayments of loans received
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

	2017		2016	
	Purchases	Sales	Purchases	Sales
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

Remuneration and other significant benefits calculated for members of management and higher supervisory body		
	2017	2016
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