

**STATE COMPANY 'INDĒLIŅŅ IR INVESTIŅŅ DRAUDIMAS'**

**DEPOSIT INSURANCE FUND**

**ANNUAL FINANCIAL STATEMENTS**

**2018**

## CONTENT

|  |   |
|--|---|
| Information about the administrating entity (Company)            | 3 |
| Statement of financial position of the Deposit Insurance Fund    | 4 |
| Statement of operating results of the Deposit Insurance Fund     | 6 |
| Statement of changes in net assets of the Deposit Insurance Fund | 7 |
| Cash flow statement of the Deposit Insurance Fund                | 8 |
| Explanatory notes  | 9 |

## **MAIN DETAILS OF THE COMPANY ADMINISTRATING THE DEPOSIT INSURANCE FUND**

|   |  |
|---|--|
| Company name:   | SC 'Indėlių ir investicijų draudimas'            |
| Authorised capital:   | EUR 8,995,358                                    |
| Registration date:  | 16 December 1996                                 |
| Corporate code:   | 110069451  |
| Institution implementing rights and obligations of the owner: | Ministry of Finance of the Republic of Lithuania |
| Registered office address:                                    | Algirdo g. 31, LT-03219, Vilnius                 |
| Legal form:   | State Company                                    |
| Date of registration of valid Articles of Association:        | 23 December 2014                                 |
| Phone:  | (8-5) 213 56 57                                  |
| E-mail address:   | idf@idf.lt                                       |
| Website:  | www.iidraudimas.lt                               |
| Management bodies of the Company:                             | Council and Director of the Company              |

As of 31 December 2018, the Company's Council consisted of 5 members:

|                              |   |
|------------------------------|---|
| Chair of the Council:        | Sigitas Mitkus, Director of Financial Markets Policy Department of the Ministry of Finance  |
| Deputy Chair of the Council: | Lina Frejutė, Deputy Head of Project Management Division of the Ministry of Finance   |
| Members of the Council:      | Audrutė Dziskienė, Senior Advisor of Financial Markets Policy Department of the Ministry of Finance<br>Renata Bagdonienė, Director of Financial Services and Markets Supervision Department of the Supervision Service of the Bank of Lithuania<br>Gediminas Šimkus, Director of Economics and Financial Stability Service of the Bank of Lithuania |
| Director of the Company:     | Aurelija Mažintienė   |
| Bank:                        | AB Luminor bank   |

## DEPOSIT INSURANCE FUND

Administrator – SC ‘Indėlių ir investicijų draudimas’, corporate code 110069451  
Algirdo g. 31, LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

### STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2018

6 March 2019 No

| 2018      |  | <i>Presentation currency and accuracy: EUR</i> |                    |                    |
|-----------|--|--|--------------------|--------------------|
| Seq. No   | Items  | Note No  | 31 12 2018         | 31 12 2017         |
| <b>A.</b> | <b>FIXED ASSETS</b>  |  | <b>102,036,138</b> | <b>130,839,800</b> |
| I.        | Intangible assets  |  |                    |                    |
| II.       | Tangible fixed assets  |  |                    |                    |
| III.      | Long-term financial assets   | 1,2  | 102,036,138        |                    |
| IV.       | Other fixed assets   | 1  |                    | 130,839,800        |
| <b>B.</b> | <b>BIOLOGICAL ASSETS</b>   |  |                    |                    |
| <b>C.</b> | <b>CURRENT ASSETS</b>  |  | <b>97,326,113</b>  | <b>105,849,089</b> |
| I.        | Inventories  |  |                    |                    |
| I.1       | Inventories, excluding tangible fixed assets and biological assets held-for-sale |  |                    |                    |
| I.2       | Tangible fixed assets and biological assets held-for-sale                        |  |                    |                    |
| II.       | Prepayments  | 3  | 3,237,093          | 8,338,141          |
| III.      | Amounts receivable within one year   | 4  | 43,803,424         | 42,444,941         |
| III.1     | Short-term financial receivables   |  |                    |                    |
| III.2     | Receivable taxes and social contributions  |  |                    |                    |
| III.3     | Financing receivables  |  |                    |                    |
| III.4     | Receivables for use of assets, sold goods, assets and services                   |  |                    |                    |
| III.5     | Accumulated receivables  |  |                    |                    |
| III.6     | Other receivables  |  | 43,803,424         | 42,444,941         |
| IV.       | Short-term investments   |  | 0                  | 0                  |
| V.        | Cash and cash equivalents  | 5  | 50,285,596         | 55,066,007         |
|           | <b>TOTAL ASSETS:</b>   |  | <b>199,362,251</b> | <b>236,688,889</b> |

| Seq. No   | Items  | Note No | 31 12 2018         | 31 12 2017         |
|-----------|--|---------|--------------------|--------------------|
| <b>D.</b> | <b>FINANCING AMOUNTS</b>   |         |                    |                    |
| I.        | From the State Budget  |         |                    |                    |
| II.       | From the municipal budget  |         |                    |                    |
| III.      | From the EU, foreign countries and international organisations           |         |                    |                    |
| IV.       | From other sources   |         |                    |                    |
| <b>E.</b> | <b>LIABILITIES</b>   |         | <b>5,706,650</b>   | <b>8,362,965</b>   |
| I.        | Long-term liabilities  |         |                    |                    |
| I.1       | Long-term financial liabilities  |         |                    |                    |
| I.2       | Long-term provisions   |         |                    |                    |
| I.3       | Other long-term liabilities  |         |                    |                    |
| II.       | Short-term liabilities   | 6       | 5,706,650          | 8,362,965          |
| II.1      | Current year's portion of long-term provisions and short-term provisions |         |                    |                    |
| II.2      | Current year's portion of long-term liabilities                          |         |                    |                    |
| II.3      | Payable subsidies, grants and financing amounts                          |         |                    |                    |
| II.4      | Amounts payable to the EU budget   |         |                    |                    |
| II.5      | Amounts payable to budgets and funds                                     |         |                    |                    |
| II.6      | Payable social benefits  |         |                    |                    |
| II.7      | Refundable taxes, contributions and their overpayments                   |         |                    |                    |
| II.8      | Trade payables   |         |                    |                    |
| II.9      | Accrued payables   |         |                    |                    |
| II.10     | Other short-term liabilities   |         | 5,682,719          | 8,344,474          |
| II.11     | Payable subsidies, grants and financing amounts                          |         | 23,931             | 18,491             |
| <b>F.</b> | <b>NET ASSETS</b>  |         | <b>193,655,601</b> | <b>228,325,924</b> |
| I.        | Reserves   |         |                    |                    |
| II.       | Effects of the equity method   |         |                    |                    |
| III.      | Accrued surplus or deficit   | 7       | 193,655,601        | 228,325,924        |
| III.1     | Surplus or deficit of the current year                                   |         | (34,670,323)       | 29,103,764         |
| III.2     | Surplus or deficit of the previous year                                  |         | 228,325,924        | 199,222,160        |
|           | <b>TOTAL FINANCING AMOUNTS, LIABILITIES AND NET ASSETS:</b>              |         | <b>199,362,251</b> | <b>236,688,889</b> |

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

## DEPOSIT INSURANCE FUND

Administrator – SC ‘Indėlių ir investicijų draudimas’, corporate code 110069451  
Algirdo g. 31, LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

### STATEMENT OF OPERATING RESULTS 31 DECEMBER 2018

6 March 2019 No

| 2018      | <i>Presentation currency and accuracy: EUR</i>   |         |                     |                   |
|-----------|--|---------|---------------------|-------------------|
| Seq. No   | Items  | Note No | 31 12 2018          | 31 12 2017        |
| <b>A.</b> | <b>OPERATING ACTIVITY INCOME</b>   |         | <b>12,396,374</b>   | <b>21,986,526</b> |
| I.        | INCOME FROM FINANCING  |         |                     |                   |
| II.       | INCOME FROM TAXES AND SOCIAL CONTRIBUTIONS   |         |                     |                   |
| II.1.     | Net income from taxes  |         |                     |                   |
| II.1.1.   | Income from taxes  |         |                     |                   |
| II.1.2.   | Amount of transferrable taxes  |         |                     |                   |
| II.2.     | Net income from social contributions   |         |                     |                   |
| II.2.1.   | Income from social contributions   |         |                     |                   |
| II.2.2.   | Amount of transferrable social contributions   |         |                     |                   |
| III.      | OTHER INCOME FROM OPERATING ACTIVITIES   | 8       | 12,396,374          | 21,986,526        |
| III.1.    | Other income from operating activities   |         | 12,396,374          | 21,986,526        |
| III.2.    | Amount of transferrable other income from operating activities                                   |         |                     |                   |
| <b>B.</b> | <b>OPERATING ACTIVITY EXPENSES</b>   | 9       | <b>(47,069,423)</b> | <b>7,954,264</b>  |
| I.        | AMOUNTS DEPRECIATED AND WRITTEN-OFF  |         |                     |                   |
| II.       | SOCIAL BENEFITS  |         |                     |                   |
| III.      | FINANCING  |         |                     |                   |
| IV.       | OTHER  |         | (47,069,423)        | 7,954,264         |
| <b>C.</b> | <b>OPERATING ACTIVITY SURPLUS OR DEFICIT</b>   | 10      | <b>(34,673,049)</b> | <b>29,940,790</b> |
| <b>D.</b> | <b>RESULT OF OTHER ACTIVITIES</b>  |         |                     |                   |
| I.        | OTHER OPERATING INCOME   |         |                     |                   |
| II.       | OTHER OPERATING INCOME TRANSFERRABLE TO THE BUDGET   |         |                     |                   |
| III.      | OTHER OPERATING EXPENSES   |         |                     |                   |
| <b>E.</b> | <b>FINANCING AND INVESTING ACTIVITY RESULT</b>   | 11      | <b>2,726</b>        | <b>(837,026)</b>  |
| <b>F.</b> | <b>EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND OF CORRECTION OF MATERIAL ACCOUNTING ERRORS</b> |         |                     |                   |
| <b>G.</b> | <b>NET SURPLUS OR DEFICIT BEFORE EFFECTS OF APPLICATION OF EQUITY METHOD</b>                     |         |                     |                   |
| <b>H.</b> | <b>EFFECTS OF APPLICATION OF EQUITY METHOD</b>   |         |                     |                   |
| <b>I.</b> | <b>NET SURPLUS OR DEFICIT</b>  |         | <b>(34,670,323)</b> | <b>29,103,764</b> |

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

## DEPOSIT INSURANCE FUND

Administrator – SC ‘Indėlių ir investicijų draudimas’, corporate code 110069451  
Algirdo g. 31, LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

### STATEMENT OF CHANGES IN NET ASSETS 31 DECEMBER 2018

6 March 2019 No

2018

*Presentation currency and accuracy: EUR*

| Seq. No | Items  | Note No | Attributable to the parent undertaking |                    |                |   |   | Total        | Minority interest |
|---------|--|---------|--|--------------------|----------------|---|---|--------------|-------------------|
|         |  |         | Stakeholders' equity                   | Fair value reserve | Other reserves | Effects of application of the equity method | Accrued surplus or deficit before effects of application of the equity method |              |                   |
| 1       | 2  | 3       | 4                                      | 5                  | 6              | 7   | 8   | 9            | 10                |
| 1.      | <b>Balance as at 31 December 2016</b>                                |         |  |                    |                |   | 199,222,160   | 199,222,160  |                   |
| 2.      | Effects of fixed assets taken over from another public sector entity |         |  |                    |                |   |   |              |                   |
| 3.      | Effects of fixed assets transferred or sold to another entity        |         |  |                    |                |   |   |              |                   |
| 4.      | Other amounts of increase (decrease) of reserves                     |         |  |                    |                |   |   |              |                   |
| 5.      | Other formed reserves  |         |  |                    |                |   |   |              |                   |
| 6.      | Other used reserves  |         |  |                    |                |   |   |              |                   |
| 7.      | Amounts of increase (decrease) of stakeholders' equity               |         |  |                    |                |   |   |              |                   |
| 8.      | Net surplus or deficit of the reporting period                       |         |  |                    |                |   | 29,103,764  | 29,103,764   |                   |
| 9.      | <b>Balance as at 31 December 2017</b>                                |         |  |                    |                |   | 228,325,924   | 228,325,924  |                   |
| 10.     | Effects of fixed assets taken over from another public sector entity |         |  |                    |                |   |   |              |                   |
| 11.     | Effects of fixed assets transferred or sold to another entity        |         |  |                    |                |   |   |              |                   |
| 12.     | Other amounts of increase (decrease) of reserves                     |         |  |                    |                |   |   |              |                   |
| 13.     | Other formed reserves  |         |  |                    |                |   |   |              |                   |
| 14.     | Other used reserves  |         |  |                    |                |   |   |              |                   |
| 15.     | Amounts of increase (decrease) of stakeholders' equity               |         |  |                    |                |   |   |              |                   |
| 16.     | Net surplus or deficit of the reporting period                       | 8       |  |                    |                |   | (34,670,323)  | (34,670,323) |                   |
| 17.     | <b>Balance as at 31 December 2018</b>                                |         |  |                    |                |   | 193,655,601   | 193,655,601  |                   |

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

## DEPOSIT INSURANCE FUND

Administrator – SC ‘Indėlių ir investicijų draudimas’, corporate code 110069451  
Algirdo g. 31, LT-03219 Vilnius, data collected and stored in the Register of Legal Entities

### CASH FLOW STATEMENT

**31 DECEMBER 2018**

6 March 2019 No

2018

*Presentation currency and accuracy: EUR*

| Seq. No     | Items   | Note No   | 31 12 2018          | 31 12 2017           |
|-------------|---|-----------|---------------------|----------------------|
| 1           | 2   | 3         | 4                   | 5                    |
| <b>A.</b>   | <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |           | <b>7,197,255</b>    | <b>(30,670,822)</b>  |
| <b>I.</b>   | <b>Receipts</b>   | <b>12</b> | <b>44,527,052</b>   | <b>70,408,430</b>    |
| I.1.        | Financing amounts for other expenses and inventories                            |           |                     |                      |
| I.1.1       | From the State Budget   |           |                     |                      |
| I.1.2       | From the municipal budget   |           |                     |                      |
| I.1.3       | From funds of the EU, foreign countries and international organisations         |           |                     |                      |
| I.1.4       | From other sources  |           |                     |                      |
| I.2         | From taxes  |           |                     |                      |
| I.3         | From social contributions   |           |                     |                      |
| I.4         | For provided services   |           |                     |                      |
| I.5         | Received interest   |           | 87                  | 774                  |
| I.6         | Other receipts:   |           | 44,526,965          | 70,407,656           |
| <b>II.</b>  | <b>Transferred funds</b>  |           |                     |                      |
| II.1        | To the State Budget   |           |                     |                      |
| II.2        | To municipal budgets  |           |                     |                      |
| II.3        | To the EU, foreign countries and international organisations                    |           |                     |                      |
| II.4        | To other funds of resources   |           |                     |                      |
| II.5        | To public sector entities   |           |                     |                      |
| II.6        | To other entities   |           |                     |                      |
| <b>III.</b> | <b>Payments</b>   |           | <b>(37,329,797)</b> | <b>(101,079,252)</b> |
| III.1       | Social payments   |           |                     |                      |
| III.2       | Other services acquired   |           | (556,014)           | (469,596)            |
| III.3       | Interest paid   |           | 0                   | (1,128,236)          |
| III.4       | Other payments:   |           | (36,773,783)        | (99,481,420)         |
| <b>B.</b>   | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |           | <b>(11,977,666)</b> | <b>38</b>            |
| I.          | Acquisition of fixed assets (excl. financial) and biological assets             |           |                     |                      |
| II.         | Disposal of fixed assets (excl. financial) and biological assets                |           |                     |                      |
| III.        | Acquisition of long-term financial assets                                       |           | (11,977,666)        |                      |
| IV.         | Disposal of long-term financial assets  |           |                     |                      |
| V.          | (Increase) Decrease in time deposits  |           |                     |                      |
| VI.         | Other cash flows from investing activities                                      |           |                     |                      |
| <b>VII.</b> | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     |           |                     | <b>38</b>            |
| <b>C.</b>   | <b>Receipts from taken loans</b>  |           |                     |                      |
| I.          | Repayment of taken loans  |           |                     |                      |
| II.         | Other cash flows from financing activities                                      |           |                     |                      |
| <b>III.</b> | <b>EFFECTS OF EXCHANGE RATE CHANGES ON BALANCE OF CASH AND CASH EQUIVALENTS</b> |           |                     |                      |
| <b>D.</b>   | <b>(Increase) Decrease in cash and cash equivalents</b>                         |           |                     |                      |
|             | Cash and cash equivalents at the beginning of the reporting period              |           | (4,780,411)         | (30,670,784)         |
|             | Cash and cash equivalents at the end of the reporting period                    | 5         | 55,066,007          | 85,736,791           |
|             | <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     | 5         | <b>50,285,596</b>   | <b>55,066,007</b>    |

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė



## DEPOSIT INSURANCE FUND

Administrator – SC ‘Indėlių ir investicijų draudimas’, corporate code 110069451  
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### EXPLANATORY NOTES

31 DECEMBER 2018

#### 1. General part

The State Company ‘Indėlių ir investicijų draudimas’ (hereinafter – the Company) administrates the Deposit Insurance Fund (hereinafter – the Fund) since 3 December 2015 when the Law (No XII-2054) of the Republic of Lithuania amending the Law (No IX-975) on Insurance of Deposits and Liabilities to Investors of 19 November 2015 (hereinafter – the Law) entered into force.

The Fund is not a legal person. The Fund is administrated by Company which is established from the State assets in accordance with the procedure set forth by legal acts and is acting, handling the accounting and preparing the sets of financial statements on behalf of the Fund. The institution implementing the rights and obligations of the owner of the Company is the Ministry of Finance of the Republic of Lithuania.

The Fund – means the fund in which the assets are accumulated for payment of insurance compensations according to the Law.

Participants of the Deposit Insurance System (Article 11(1) of the Law):

- banks established in the Republic of Lithuania, including branches of these banks, established in the Republic of Lithuania and other Member States;

- third-country banks that have established a branch in the Republic of Lithuania when deposits held in third countries are not insured or their protection is not guaranteed in any other way under legal acts of the third country to the jurisdiction of which the bank that has established a branch belongs;

- third-country banks that have established a branch in the Republic of Lithuania when deposits held in third countries are insured (compensated) or their protection is guaranteed in any other way under legal acts of the third country, but the Company’s Council determines that such deposit insurance (compensation) or other conditions guaranteeing their protection are less favourable than established in the Law on Insurance of Deposits and Liabilities to Investors;

- credit unions and the Central Credit Union established in the Republic of Lithuania.

The Fund’s proceeds consist of (Article 16(3) of the Law):

- regular (*ex ante*) contributions of deposit insurance, including payment obligations of the deposit insurance system participants to the Deposit Insurance Fund and special (*ex post*) contributions of deposit insurance;

- funds and/or assets received from an insolvent deposit insurance system participant during bankruptcy proceedings in accordance with the procedure laid down by laws;

- funds received after recovery of the proceeds used for the financing of resolution measures of the financial sector entities (hereinafter – resolution) under the Law of the Republic of Lithuania on Financial Sustainability;

- income from investments of the Deposit Insurance Fund;

- other funds.

The proceeds of the Deposit Insurance Fund are used for (Article 16(4) of the Law):

- deposit insurance compensations;

- financing of resolution tools within the meaning of Article 46 of the Law;

- financing of the transfer of assets, rights, transactions and liabilities of a credit union within the meaning of Article 47 of the Law;

- covering the costs of administration of the Fund.

In administrating the Fund, the Company performs the following main functions:

- collects and accumulates deposit insurance contributions;
- calculates and pays deposit insurance compensations;
- invests the proceeds of the Deposit Insurance Fund;
- handles the Fund's accounting, prepares the sets of financial statements, the estimates of income and expenses and submits them for approval to the institution implementing rights and obligations of the insurance company;
- monitors the compliance of the deposit insurance system participants with the requirements established by the Law and its implementing legislation;
- evaluates the conditions of guaranteeing deposit insurance (compensation) or other type of security of third countries the credit institutions, financial brokerage firms or management companies of which establish branches in the Republic of Lithuania;
- assesses the risk of the Deposit Insurance Fund;
- cooperates and exchanges information with deposit insurance system administrators, supervisory authorities of other Member States and third countries and with the European Banking Authority;
- carries out stress testing of the deposit insurance system;
- performs other functions assigned to it by virtue of laws.

## **2. Summary of significant principles of accounting**

The main principles of accounting applied in preparing financial statements of the Fund for the year ended 31 December 2018 are as follows:

### **2.1 Form of financial statements**

The Fund's financial statements of 2018 have been prepared according to the Public Sector Accounting and Financial Reporting Standards (hereinafter – PSAFRS), which include the standards and interpretations approved by the Minister of Finance of the Republic of Lithuania before 31 December 2018. The financial year of the Fund corresponds to the calendar year.

### **2.2 Conformity of financial statements with the Standards**

The Fund's financial statements of 2018 have been prepared according to the PSAFRS and in observance of Article 45(1) of the Law.

### **2.3 Reporting currency**

The Fund's accounting records are kept and all amounts in these financial statements are presented in euro (EUR).

### **2.4 Prepayments**

According to 17 PSAFRS 'Financial assets and financial liabilities' amounts of prepayments in the statement of financial position are reflected at net value, having deducted depreciation from acquisition cost.

### **2.5 Receivables**

According to 17 PSAFRS 'Financial assets and financial liabilities' receivables are measured at acquisition cost upon initial recognition. Financial assets are recognised in the accounting when a public sector entity receives or becomes entitled to receive money or other financial assets. In observance of 18 PSAFRS 'Provisions, contingent liabilities, contingent assets and events after the balance sheet date' contingent assets of the public sector entity means possible assets that arise from past events and the existence

of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the public sector entity. Contingent assets are registered in the accounting by the public sector entity only when it is certain that such assets will generate economic benefits to it. Subsequently, short-term receivables are registered taking into account of value impairment and long-term receivables – at discounted value, net of impairment losses.

## **2.6 Cash and cash equivalents**

According to 17 PSAFRS 'Financial assets and financial liabilities' cash and cash equivalents comprise Fund's cash held in the bank account. Cash of the Fund is kept in a separate bank account.

In the cash flow statement, cash and cash equivalents comprise cash with bank, other short-term highly liquid investments.

## **2.7 Debt liabilities**

According to 17 PSAFRS 'Financial assets and financial liabilities', on initial recognition, debts are recorded at acquisition value and subsequently – taking account of value impairment. Debts are classified as long-term when the financing agreement concluded before the date of approval of financial statements demonstrates that on the balance sheet date the liability was long-term according to its nature.

## **2.8 Recognition of income and expenses of the Fund**

The Fund's income and expenses are recorded in the accounting and presented in financial statements according to the principle of accrual of income and expenses.

According to 10 PSAFRS 'Other income' the Fund's income is recognised and recorded in the accounting and presented in financial statements during the reporting period in which it is earned, regardless of the time of receiving the money.

The Fund's income is classified into other income from operating activities, income from financing activities and income from investing activities. Insurance contributions of the Fund's insurers are attributed to other operating activity income.

According to 11 PSAFRS 'Expenses' expenses are recognised and recorded in the accounting during the period in which they are incurred – when related income is earned, services are provided, actions are carried out in performing the assigned functions, regardless of the time of spending the money and when their value can be reliably estimated.

Normally, the amount of expenses is measured at the consideration paid or payable, including value added tax. The Fund's expenses are attributed to other costs of services of the operating activities. Expenses of the Fund include insurance compensations, administrative expenses, financing and investing activity expenses, etc.

The amount of expenses is measured at the consideration paid or payable, including value added tax. The Fund's expenses are attributed to other costs of services of the operating activities.

The estimate of income and expenses of the Fund is approved by the institution implementing rights and obligations of the owner of the Company – the Ministry of Finance of the Republic of Lithuania. The estimate of administrative expenses is approved by the Council of the Company.

## **2.9 Foreign currency**

Requirements for the accounting of foreign currency transactions are established in 21 PSAFRS 'Foreign currency transactions'. On initial recognition, foreign currency transactions are recorded in the accounting at the official exchange rate of the transaction day.

## **2.10 Accounting of the closing of period**

When all operations of the financial year are recorded, all accounts of income and expenses are closed. The balances of the last day of the financial year of all accounts of income and expenses are transferred to the account 'Accumulated surplus or deficit' on the last day of the financial year. The current year's surplus or deficit – the surplus generated or the deficit incurred by the Fund in the current year. At the beginning of the financial year, the previous year's surplus or deficit is recognised as the accumulated surplus or deficit of the previous year.

## 2.11 Use of estimates in preparing financial statements

According to 18 PSAFRS 'Provisions, contingent liabilities, contingent assets and events after the balance sheet date' and in preparing financial statements certain assumptions and estimates are revised which influence the presented amounts of assets, liabilities, income and expenses and the disclosure of contingencies when the circumstances on the basis of which the estimate was made change or when additional information becomes available or other events occur. The result of change in such estimates is recorded in financial statements when it is established, presenting the information in the explanatory notes.

## 3. Explanatory notes

### Note 1. Long-term financial assets (share of the credit claim receivable after one year and within one year)

At the end of the previous reporting period, the share of the credit claim was EUR 130,839,800; this amount was recorded in line IV. 'Other fixed assets' under item A. FIXED ASSETS. According to 17 PSAFRS 'Financial assets and financial liabilities' a receivable credit claim is recorded as long-term financial assets and reflected in the Statement of Financial position in line III. 'Long-term financial assets'.

The Company, acting on behalf of the Fund, participates in bankruptcy proceedings of ten credit institutions and, in the nearest future, upon approval of the Fund's credit claims, the Fund will participate in bankruptcy proceedings of another three credit institutions the completion of which is preliminarily expected until 2021:

3.1. Bankruptcy of BAB bankas SNORAS. The insured event was declared on 24 November 2011. The disbursement of insurance compensations started on 14 December 2011, i.e. after 15 business days following the date of the insured event. EUR 1.20 billion were disbursed to the depositors of this insurer; the major part (EUR 899.64 million) of this amount was borrowed by the Company from the Ministry of Finance of the Republic of Lithuania. By 31 December 2018, the Company succeeded in recovering EUR 831.97 million from these bankruptcy proceedings.

3.2. Bankruptcy of BAB Ūkio bankas. The insured event was declared on 18 February 2013. The Company participated in the financing of the transfer of assets, rights, transactions and obligations of AB Ūkio bankas to AB Šiaulių bankas – for this purpose, the amount of EUR 269.38 million was used the major part of which (EUR 231.45 million) was borrowed by the Company from the Ministry of Finance of the Republic of Lithuania. By 31 December 2018, the Company recovered EUR 51.76 from these bankruptcy proceedings;

3.3. Bankruptcy of the National Credit Union. The insured event was declared on 24 January 2013. The insurance compensations amounted to EUR 34.85 million. By 31 December 2018, the amount of EUR 19.01 million was recovered from these bankruptcy proceedings;

3.4. Bankruptcy of the Credit Union Švyturio taupomoji kasa. The insured event was declared on 24 January 2013. The insurance compensations to depositors amounted to EUR 5.04 million. By 31 December 2018, the amount of EUR 3.30 million was recovered from these bankruptcy proceedings;

3.5. Bankruptcy of the Credit Union Laikinosios sostinės kreditas. The insured event was declared on 9 May 2013. The insurance compensations to depositors amounted to EUR 6.67 million. By 31 December 2018, the amount of EUR 2.20 million was already recovered from these bankruptcy proceedings;

3.6. Bankruptcy of the Credit Union Vilniaus taupomoji kasa. The insured event was declared on 17 January 2014. The insurance compensations amounted to EUR 64.11 million. By 31 December 2018, the amount of EUR 41.73 million was already recovered from these bankruptcy proceedings;

3.7. Bankruptcy of the Credit Union Naftininkų investicijos. The insured event was declared on 30 April 2014. The insurance compensations amounted to EUR 3.43 million. By 31 December 2018, the amount of EUR 1.37 million was recovered from these bankruptcy proceedings.

3.8. Bankruptcy of the Credit Union Amber. The insured event was declared on 20 September 2016. The insurance compensations amounted to EUR 19.97 million. By 31 December 2018, the amount of EUR 11.75 million was already recovered from these bankruptcy proceedings.

3.9. Bankruptcy of the Credit Union Žemaitijos išdas. The insured event was declared on 7 March 2017. The insurance compensations amounted to EUR 1.63 million. By 31 December 2018, the amount of EUR 0.97 million was recovered from these bankruptcy proceedings.

3.10. Bankruptcy of the Credit Union Pajūrio kredito unija. The insured event was declared on 17 March 2017. The insurance compensations amounted to EUR 2.15 million. By 31 December 2018, the amount of EUR 0.40 million was recovered from these bankruptcy proceedings.

3.11. Bankruptcy of the Credit Union Baltija. The insured event was declared on 25 September 2017. The insurance compensations amounted to EUR 11.52 million. By 31 December 2018, the amount of EUR 3.46 million was recovered from these bankruptcy proceedings.

3.12. Bankruptcy of the Credit Union Namų kredito unija. The insured event was declared on 25 September 2017. The insurance compensations amounted to EUR 1.38 million. By 31 December 2018, the amount of EUR 0.42 million was recovered from these bankruptcy proceedings.

3.13. Bankruptcy of the Credit Union Vilniaus kreditas. The insured event was declared on 10 November 2017. The insurance compensations amounted to EUR 20.36 million. By 31 December 2018, the amount of EUR 5.80 million was recovered from these bankruptcy proceedings.

3.14. Bankruptcy of the Credit Union Centro taupomoji kasa. The insured event was declared on 16 January 2018. The insurance compensations amounted to EUR 10.56 million. By 31 December 2018, the amount of EUR 5.10 million was recovered from these bankruptcy proceedings.

3.15. Bankruptcy of the Credit Union Taupkasė. The insured event was declared on 13 February 2018. The insurance compensations amounted to EUR 18.68 million. By 31 December 2018, there were no funds received from these bankruptcy proceedings.

*Table 1. Cash receipts to the Fund from realisation of assets of bankrupt credit institutions forecasted by bankruptcy administrators and additionally estimated by the Company, in EUR*

| Seq. No | Credit institution                   | Amounts receivable after one year | Amounts receivable within one year | Total              |
|---------|--------------------------------------|-----------------------------------|------------------------------------|--------------------|
| 1       | 2                                    | 3                                 | 4                                  | 5                  |
| 1.      | BAB bankas SNORAS                    | 83,001,600                        | 7,290,000                          | <b>90,291,600</b>  |
| 2.      | BAB Ūkio bankas                      | 3,250,000                         | 3,500,000                          | <b>6,750,000</b>   |
| 3.      | BCC CU Vilniaus taupomoji kasa       | 0                                 | 1,800,000                          | <b>1,800,000</b>   |
| 4.      | BCC Nacionalinė kredito unija        | 0                                 | 600,000                            | <b>600,000</b>     |
| 5.      | BCC CU Švyturio taupomoji kasa       | 0                                 | 20,000                             | <b>20,000</b>      |
| 6.      | BC CU Laikiniosios sostinės kreditas | 0                                 | 0                                  | <b>0</b>           |
| 7.      | BCU Naftininkų investicijos          | 0                                 | 394,000                            | <b>394,000</b>     |
| 8.      | BCU Amber                            | 0                                 | 3,600,00                           | <b>3,600,000</b>   |
| 9.      | BCU Namų                             | 100,000                           | 301,000                            | <b>401,000</b>     |
| 10.     | BCU Žemaitijos išdas                 | 0                                 | 63,000                             | <b>63,000</b>      |
| 11.     | BCU Baltija                          | 1,013,920                         | 1,447,483                          | <b>2,461,403</b>   |
| 12.     | BCU Pajūrio                          | 90,000                            | 720,000                            | <b>810,000</b>     |
| 13.     | BCU Vilniaus kreditas                | 100,000                           | 10,226,000                         | <b>10,326,000</b>  |
| 14.     | BCU Centro taupomoji kasa            | 0                                 | 3,340,000                          | <b>3,340,000</b>   |
| 15.     | BCU Taupkasė                         | 2,500,000                         | 10,500,000                         | <b>13,000,000</b>  |
|         | <b>Total:</b>                        | <b>90,055,520</b>                 | <b>43,801,483</b>                  | <b>133,857,003</b> |

According to certificates submitted by bankruptcy administrators, forecasted estimates of receivables are likely to generate economic benefits to the public sector entity; therefore, these assets are recorded in the Fund's accounting in the statement of financial position.

## **Note 2. Long-term financial assets (securities)**

During 2018, 120,000 units of GSs (bonds) were acquired for EUR 11,977,766. The data are provided in Tables 2 and 3.

Table 2. Data on investments of the Fund in GSs

| GS (ISIN No)  | Redemption date | Coupon rate | Portfolio share | Nominal value per unit | Nominal value | Carrying amount 31 12 2018 |
|---------------|-----------------|-------------|-----------------|------------------------|---------------|----------------------------|
| LT0000630055  | 31 01 2021      | 0.00%       | 50,0 %          | 100,00                 | 6,000,000     | 5,996,249                  |
| LV0000650046  | 16 08 2023      | 0.40%       | 50,0 %          | 100,00                 | 6,000,000     | 5,984,369                  |
| <b>Total:</b> |                 |             | <b>100,00%</b>  | -                      | -             | <b>11,980,618</b>          |

Table 3. Information about changes of financial assets (securities) held to maturity (EUR)

| Seq. No   | Financial asset                                      | Carrying amount at the beginning of the reporting period | During the reporting period |  |  |  |                     |               |            |              | Carrying amount at the end of the reporting period |
|-----------|--|--|-----------------------------|--|--|--|---------------------|---------------|------------|--------------|--|
|           |  |  | Acquired (acquisition cost) | Sold (carrying amount at the moment of sale) | Transferred to (from) another group of | Amortisation amount, accrued coupon interest | Effects of currency | Cash receipts | Write-offs | Depreciation |  |
| 1         | 2  | 3  | 4                           | 5  | 6                                      | 7  | 8                   | 9             | 10         | 11           | 12   |
| <b>1.</b> | <b>Long-term financial assets and granted loans</b>  | <b>0</b>   | <b>11,977,666</b>           |  |  | <b>2,952</b>                                 |                     |               |            |              | <b>11,980,618</b>                                  |
| 1.1.      | Granted loans  |  |                             |  |  |  |                     |               |            |              |  |
| 1.2.      | Bonds  |  | 11,977,666                  |  |  | 2,952  |                     |               |            |              | 11,980,618   |
| 1.3.      | Notes  |  |                             |  |  |  |                     |               |            |              |  |
| 1.4.      | Other non-equity securities                          |  |                             |  |  |  |                     |               |            |              |  |
|           | Long-term time deposits                              |  |                             |  |  |  |                     |               |            |              |  |
| <b>2.</b> | <b>Short-term financial assets and granted loans</b> | <b>0</b>   | <b>0</b>                    |  |  | <b>0</b>                                     |                     |               |            |              | <b>0</b>   |
| 2.1.      | Granted loans  |  |                             |  |  |  |                     |               |            |              |  |
| 2.2.      | Bonds  |  |                             |  |  |  |                     |               |            |              |  |
| 2.3.      | Notes  |  |                             |  |  |  |                     |               |            |              |  |
| 2.4.      | Other non-equity securities                          |  |                             |  |  |  |                     |               |            |              |  |
| 2.5.      | Short-term time deposits                             |  |                             |  |  |  |                     |               |            |              |  |
| <b>3.</b> | <b>Total</b>   | <b>0</b>   | <b>11,977,666</b>           |  |  | <b>2,952</b>                                 |                     |               |            |              | <b>11,980,618</b>                                  |

### Note 3. Prepayments

Data about proceeds of insurance compensations transferred, but not collected by depositors and held in accounts with commercial banks (payment agents) are presented in detail in Table 4.

Table 4. Information on proceeds disbursed to depositors, but not collected by them, held in accounts with commercial banks

| Seq. No   | Item  | 31 12 2018       | 31 12 2017       |
|-----------|---|------------------|------------------|
| 1         | 2   | 3                | 4                |
| <b>1.</b> | <b>Prepayments</b>  |                  |                  |
| 1.6.      | Other prepayments   | <b>3,237,093</b> | <b>8,338,141</b> |
| 1.6.1.    | Advance for insurance compensations to depositors of BCC Nacionalinē kredito unija        | 0                | 43,495           |
| 1.6.2.    | Advance for insurance compensations to depositors of BCC CU Švyturio taupomoji kasa       | 0                | 4,310            |
| 1.6.3.    | Advance for insurance compensations to depositors of BCC CU Laikinosios sostinēs kreditas | 0                | 10,767           |
| 1.6.4.    | Advance for insurance compensations to depositors of BCC Nacionalinē kredito unija        | 73,848           | 151,987          |

|           |   |                  |                  |
|-----------|---|------------------|------------------|
| 1.6.5.    | Advance for insurance compensations to depositors of BCC CU Švyturio taupomoji kasa       | 15               | 19               |
| 1.6.6..   | Advance for insurance compensations to depositors of BCC CU Laikinosios sostinės kreditas | 265,793          | 368,580          |
| 1.6.7.    | Advance for insurance compensations to depositors of BCU Žemaitijos išdas                 | 3,968            | 4,085            |
| 1.6.8.    | Advance for insurance compensations to depositors of BCU Pajūrio                          | 22,012           | 93,129           |
| 1.6.9.    | Advance for insurance compensations to depositors of BCU Namų                             | 70,741           | 288,275          |
| 1.6.10..  | Advance for insurance compensations to depositors of BCU Baltija                          | 195,413          | 1,178,136        |
| 1.6.11.   | Advance for insurance compensations to depositors of BCU Vilniaus kreditas                | 1,153,936        | 6,195,358        |
| 1.6.12.   | Advance for insurance compensations to depositors of BCU Centro TK                        | 766,601          | -                |
| 1.6.13.   | Advance for insurance compensations to depositors of BCU Taupkasė                         | 684,766          | -                |
| 1.7.      | Deferred expenses for execution of non-public sector entities' orders                     |                  |                  |
| <b>2.</b> | <b>Value impairment of prepayments</b>  |                  |                  |
| <b>3.</b> | <b>Carrying amount of prepayments (1-2)</b>   | <b>3,237,093</b> | <b>8,338,141</b> |

#### Note 4. Amounts receivable within one year

Amounts receivable within one year are detailed in Table 5. They include the share of EUR 43,801,483 of the credit claim receivable within one year and described in Note 1, other amounts of EUR 1,721 receivable under court orders as unduly paid insurance compensations, and interest of EUR 220 on insurance compensations awarded by court.

Table 5. Information on amounts receivable within one year

| Seq. No   | Item   | 31 12 2018        | 31 12 2017        |
|-----------|--|-------------------|-------------------|
| 1         | 2  | 3                 | 4                 |
| <b>1.</b> | <b>Acquisition cost of amounts receivable within one year, total</b> | <b>43,803,424</b> | <b>42,444,941</b> |
| 1.1.      | Financing receivables  |                   |                   |
| 1.2.      | Receivable taxes and social contributions                            |                   |                   |
| 1.3.      | Receivables for use of assets, sold goods, assets, services          |                   |                   |
| 1.4.      | Receivables for confiscates assets, fines and other penalties        |                   |                   |
| 1.5.      | Accrued receivables  | 43,801,483        | 42,443,000        |
| 1.5.1.    | From the budget  |                   |                   |
| 1.5.2.    | Other:   | 43,801,483        | 42,443,000        |
| 1.5.2.1   | Receivable credit claim  | 43,801,483        | 42,443,000        |
| 1.6.      | Other receivables:   | 1,941             | 1,941             |
| 1.6.1.    | According to insurance compensations awarded by court                | 1,721             | 1,721             |
| 1.6.2.    | Interest on insurance compensations awarded by court                 | 220               | 220               |
| <b>2.</b> | <b>Value impairment of amounts receivable within one year at</b>     |                   |                   |
| <b>3.</b> | <b>Carrying amount of amounts receivable within one year (1-</b>     | <b>43,803,424</b> | <b>42,444,941</b> |

#### Note 5. Cash and cash equivalents

The Fund's proceeds are held in a separate bank account. Claims according to the Company's obligations may not be levied on these proceeds. As at 31 December 2018, cash balance in the bank account was EUR 50,285,596 (Table 6).

Table 6. Data on balance of cash and cash equivalents

| Seq. No | Item                                       | 31 12 2018        | 31 12 2017        |
|---------|--|-------------------|-------------------|
| 1       | 2  | 3                 | 4                 |
| 1.      | <b>Cash from the State Budget</b>          |                   |                   |
| 2.      | <b>Cash from the municipal budget</b>      |                   |                   |
| 3.      | <b>Other cash and cash equivalents</b>     | <b>50,285,596</b> | <b>55,066,007</b> |
| 3.1.    | Cash with banks                            | 50,285,596        | 55,066,007        |
| 3.2.    | Deposits of up to 3 months                 |                   |                   |
| 3.3.    | Other cash equivalents                     |                   |                   |
| 4.      | <b>Total cash and cash equivalents</b>     | <b>50,285,596</b> | <b>55,066,007</b> |
| 5.      | <b>Of which proceeds of resource funds</b> | <b>50,285,596</b> | <b>55,066,007</b> |

### Note 6. Short-term liabilities

At the end of the reporting period, short-term liabilities of the Fund totalled EUR 5,706,650, of which **Accumulated payables – EUR 5,682,719 – comprise:**

- a) accumulated payable insurance compensations not collected by depositors and held in accounts with commercial banks (payment agents) amounted to EUR 3,237,093;
- b) accrued insurance compensations for shares and bonds which have not entered into force – EUR 23,802;
- c) accrued payable (refundable) amounts for insurance contributions paid by Luminor Bank and AB Citadele bankas for the last 12 months until withdrawal from the deposit insurance system of Lithuania – EUR 2,298,369; contributions will be transferred to the Estonian and Latvian deposit guarantee systems of Estonia and Latvia (Article 11(6) of the Law);
- d) accrued procedural interest – EUR 13;
- e) amount payable to Luminor Bank, fee for safekeeping of securities – EUR 313;
- f) amount payable to the Company as the administrating entity – EUR 123,129.

**Other short-term liabilities – EUR 23,931 – comprise:**

- a) prepayments – EUR 23,926: prepayments insurance contributions of credit institutions (credit unions);
- b) advance received from the Company – EUR 5.

Table 7. Information on short-term payables

| Seq. No | Item   | 31 12 2018       | 31 12 2017       |
|---------|--|------------------|------------------|
| 1       | 2  | 3                | 4                |
| 1.      | <b>Payable subsidies, grants and financing amounts</b> |                  |                  |
| 2.      | <b>Liabilities related with employment relations</b>   |                  |                  |
| 3.      | <b>Trade payables</b>                                  |                  |                  |
| 4.      | <b>Accrued payables</b>                                | <b>5,682,719</b> | <b>8,344,474</b> |
| 4.1.    | Accrued funding expenses                               |                  |                  |
| 4.2.    | Accrued expenses for holiday pay                       |                  |                  |
| 4.3.    | Other accrued expenses                                 | 3,237,093        | 8,338,141        |
| 4.4.    | Other accrued payables                                 | 2,445,626        | 6,333            |
| 5.      | <b>Other short-term liabilities</b>                    | <b>23,931</b>    | <b>18,491</b>    |
| 5.1.    | Payable taxes on operations                            |                  |                  |
| 5.2.    | Received prepayments                                   | 23,926           | 12,779           |
| 5.3.    | Other payables   | 5                | 5,712            |



|           |   |                  |                  |
|-----------|---|------------------|------------------|
| <b>6.</b> | <b>Carrying amount of certain short-term payables<br/>(1+2+3+4+5)</b> | <b>5,706,650</b> | <b>8,362,965</b> |
|-----------|---|------------------|------------------|

Table 8 contains information on the Fund's disbursed, collected and not collected insurance compensations and their dynamics. The balance of insurance compensations disbursed, but not collected by depositors held with credit institutions at the end of 2018 totalled EUR 3,237,093.

*Table 8. Disbursed insurance compensations held with credit institutions (banks) under payment service agreements*

| Seq. No | Bankrupt credit institution    | Balance with banks as at 31 12 2017 | Additionally transferred | Disbursed (collected, refunded) insurance compensations | Balance with banks as at 31 12 2018 |
|---------|--------------------------------|-------------------------------------|--------------------------|---|-------------------------------------|
| 1       | 2                              | 3                                   | 4                        | 5   | 6                                   |
| 1.      | BCC CU Vilniaus taupomoji kasa | 151,987                             | 5,400                    | 83,539  | <b>73,848</b>                       |
| 2.      | BCC Nacionalinė kredito unija  | 43,495                              | -                        | 43,495  | <b>0</b>                            |
| 3.      | BCC CU Švyturio taupomoji kasa | 4,310                               | -                        | 4,310   | <b>0</b>                            |
| 4.      | BC CU Laikinosios sostinės     | 10,767                              | -                        | 10,767  | <b>0</b>                            |
| 5.      | BCU Naftininkų investicijos    | 19                                  | -                        | 4   | <b>15</b>                           |
| 6.      | BCU Amber                      | 368,580                             | -                        | 102,787   | <b>265,793</b>                      |
| 7.      | BCU Namų                       | 288,275                             | -                        | 217,534   | <b>70,741</b>                       |
| 8.      | BCU Žemaitijos išdas           | 4,085                               | -                        | 117   | <b>3,968</b>                        |
| 9.      | BCU Baltija                    | 1,178,136                           | 14,001                   | 996,724   | <b>195,413</b>                      |
| 10.     | BCU Pajūrio                    | 93,129                              | -                        | 71,117  | <b>22,012</b>                       |
| 11.     | BCU Vilniaus kreditas          | 6,195,358                           | -                        | 5,041,422   | <b>1,153,936</b>                    |
| 12.     | BCU Centro TK                  | -                                   | 10,555,005               | 9,788,404   | <b>766,601</b>                      |
| 13.     | BCU Taupkasė                   | -                                   | 18,683,874               | 17,999,108  | <b>684,766</b>                      |
|         | <b>Total:</b>                  | <b>8,338,141</b>                    | <b>29,258,280</b>        | <b>34,359,328</b>                                       | <b>3,237,093</b>                    |

## Note 7. Accumulated surplus or deficit

Balances of the last day of the financial year of all income and expenses accounts are carried forward to the account of 'Surplus or deficit of the current year' on the last day of the financial year. The amount of 'Surplus or deficit of the current year' (EUR 34,670,323) is calculated by deducting from the total amount of income from operating activities of EUR 12,396,374 (see Note 8) the operating activity expenses (EUR 47,069,423) (see Note 9) and adding the financing and investing activity result of EUR 2,726 (see Note 11).

The amount of EUR 193,655,601 of the 'Accumulated surplus or deficit' is calculated by adding up the amount of deficit of 'Surplus or deficit of the current year' (EUR 34,670,323) with the amount of EUR 228,325,924 of surplus of the accumulated 'Surplus or deficit of the previous year'.

## Note 8. Other income from operating activities

As at 31 December 2018, deposits were insured by 6 commercial banks and 68 credit unions. The amount of insurance contributions calculated for the deposit insurance system participants in 2018 totalled EUR 12.40 million (Table 9).

The annual amount of periodic (ex ante) deposit insurance contributions payable by all deposit insurance system participants to the Deposit Insurance Fund fixed by Order No 1K-190 of the Minister of Finance of the Republic of Lithuania of 18 May 2018 for the period between 1 July 2018 and 30 June 2019 was EUR 13.04 million. The annual amount of periodic (ex ante) deposit insurance contributions payable by all deposit insurance system participants to the Deposit Insurance Fund fixed by Order No 1-K 210 of the Minister of Finance of the Republic of Lithuania of 31 May 2017 on the setting of the annual amount of

periodic (ex ante) deposit insurance contributions for the period between 1 July 2017 and 30 June 2018 was EUR 11.82 million.

Table 9. Other income from operating activities

| Seq. No   | Item  | 31 12 2018        | 31 12 2017        |
|-----------|---|-------------------|-------------------|
| 1         | 2   | 3                 | 4                 |
| <b>1.</b> | <b>Calculated income from operating activities</b>                              |                   |                   |
| <b>2.</b> | <b>Other income from operating activities to be transferred into the Budget</b> |                   |                   |
| <b>3.</b> | <b>Other income from operating activities:</b>                                  | <b>12,396,374</b> | <b>21,986,526</b> |
| 3.1.      | Insurance contributions of banks  | 11,808,332        | 20,737,612        |
| 3.2.      | Insurance contributions of credit unions  | 588,042           | 1,248,914         |

## Note 9. Operating activity expenses

The amount of operating activity expenses is detailed in Table 10.

Table 10. Operating activity expenses

| Seq. No     | Item   | 31 12 2018          | 31 12 2017          |
|-------------|--|---------------------|---------------------|
| 1.          | Depreciation and written-off amounts                               |                     |                     |
| 2.          | Social benefits  |                     |                     |
| 3.          | Financing  |                     |                     |
| 4.          | Other  | (47,069,423)        | 7,954,264           |
| <b>4.1</b>  | <b>Credit claim (amounts received and accrued)</b>                 | <b>(7,335,121)</b>  | <b>45,662,300</b>   |
| 4.1.1       | Amounts received (accrued credit claim)                            | 5,953,000           | 2,082,500           |
| 4.1.2       | Recalculated credit claim difference                               | (13,288,121)        | 43,579,800          |
| <b>4.2</b>  | <b>Calculated insurance compensations</b>                          | <b>(36,641,937)</b> | <b>(37,222,924)</b> |
| 4.2.1       | Insurance compensations to depositors of BAB bankas SNORAS         | (7,383,656)         | (61,503)            |
| 4.2.2       | Insurance compensations to depositors of BAB Litimpeks             | -                   | (9,558)             |
| 4.2.3       | Insurance compensations to bankrupt credit unions                  | (29,258,281)        | (37,151,863)        |
| <b>4.3</b>  | <b>Refundable insurance compensations</b>                          | <b>70</b>           |                     |
| <b>4.4.</b> | <b>Insurance compensations recoverable after expiry of 5 years</b> | <b>29,979</b>       | <b>5,188</b>        |
| <b>4.5</b>  | <b>Procedural interest of BAB bankas SNORAS</b>                    | <b>(149,095)</b>    |                     |
| <b>4.6</b>  | <b>Calculated repayable amounts to Luminor and Citadele banks</b>  | <b>(2,298,369)</b>  |                     |
| <b>4.7</b>  | <b>Fee for administration of the Fund</b>                          | <b>(673,470)</b>    | <b>(488,953)</b>    |
| <b>4.8</b>  | <b>Insurance contributions of bankrupt CUs</b>                     | <b>(1,480)</b>      | <b>(1,347)</b>      |
|             | <b>TOTAL</b>   | <b>(47,069,423)</b> | <b>7,954,264</b>    |

## Note 10. Surplus or deficit from operating activities

Deficit from operating activities, i.e. EUR 34,673,049 is calculated by deducting from operating activity income of EUR 12,396,374 operating activity expenses of EUR 47,069,423 (see Note 10).

## Note 11. Financing and investing activity result

In 2018, financing and investing activity income totalled EUR 2,257, i.e. calculated income from securities (bonds) and interest income on funds held in a bank account. Financing and investing activity income comprised fee for safekeeping of securities and amortisation of securities (for more details refer to information in Table 11).

Table 11. Financing and investing activity income and expenses

| Seq. No   | Item   | 31 12 2018   | 31 12 2017       |
|-----------|--|--------------|------------------|
| 1         | 2  | 3            | 4                |
| <b>1.</b> | <b>Financing and investing activity income</b>         | <b>2,257</b> | <b>538</b>       |
| 1.1.      | Gains from exchange rate changes                       |              |                  |
| 1.2.      | Income from fines and penalties                        |              |                  |
| 1.3.      | Interest income:                                       | 2,257        | 537              |
| 1.3.1.    | <i>DIMA interest on funds held in bank accounts</i>    | 87           | 537              |
| 1.3.2.    | <i>Interest on deposits held with a bank</i>           |              |                  |
| 1.3.3.    | <i>Other interest income</i>                           |              |                  |
| 1.3.4.    | <i>Interest on securities</i>                          | 2,170        |                  |
| 1.5.      | Other financing and investing activity income          |              | 1                |
| 1.6.      | Transferable financing and investing activity income   |              |                  |
| <b>2.</b> | <b>Financing and investing activity expenses</b>       | <b>469</b>   | <b>(837,564)</b> |
| 2.1.      | Losses from exchange rate changes                      |              |                  |
| 2.2.      | Expenses on fines and penalties                        |              |                  |
| 2.3.      | Interest expenses                                      |              | (837,564)        |
| 2.4.      | Other financing and investing activity expenses        | 469          |                  |
| <b>3.</b> | <b>Financing and investing activity result (1 - 2)</b> | <b>2,726</b> | <b>(837,026)</b> |

## Note 12. Receipts

Receipts totalling EUR 44,527,052 comprise the amount of EUR 32,090,676 received from bankruptcy proceedings (see Table 12), the amount of EUR 12,403,634 of insurance contributions, and EUR 32,742 of refunded, but not collected insurance compensations.

Table 12. Funds received from administrated bankruptcy proceedings in 2018

| Seq. No | Name                              | 31 12 2018        | 31 12 2017        |
|---------|-----------------------------------|-------------------|-------------------|
| 1       | 2                                 | 3                 | 4                 |
| 1.      | BAB bankas Snoras                 | 4,100,000         | 19,150,000        |
| 2.      | BAB Ūkio bankas                   | 300,000           | 6,350,000         |
| 3.      | BCU Nacionalinė                   | 1,475,000         | 2,500,000         |
| 4.      | BCU U Švyturio taupomoji kasa     | 310,000           | 70,000            |
| 5.      | BCU Laikinosios sostinės kreditas | 113,000           | -                 |
| 6.      | BCU Naftininkų investicijos       | -                 | 365,500           |
| 7.      | BCU Vilniaus taupomoji kasa       | 8,450,000         | 9,450,000         |
| 8.      | BCU Amber                         | 1,750,000         | 10,000,000        |
| 9.      | BCU Žemaitijos išdas              | 410,000           | 555,000           |
| 10.     | BCU Namų                          | 420,000           | -                 |
| 11.     | BCU Pajūrio                       | 400,000           | -                 |
| 12.     | BCU Baltija                       | 3,462,676         | -                 |
| 13.     | BCU Vilniaus kreditas             | 5,800,000         | -                 |
| 14.     | BCU Centro                        | 5,100,000         | -                 |
|         | <b>Total:</b>                     | <b>32,090,676</b> | <b>48,440,500</b> |

### Note 13. Rights and obligations not reflected in the statement of financial position

According to 18 PSAFRS, the Company determined contingent assets of the Fund that are defined as assets which are likely to arise from past events and the existence of which will be confirmed only after occurrence or non-occurrence of future events not wholly controlled by the Fund. These contingent assets are not reflected in the statement of financial position.

Table 13 shows credit claims of the Fund with bankrupt credit institutions according to the actual data as at 31 December 2018.

Table 13. Rights and liabilities not reflected in the statement of financial position

| Seq. No | Credit claim receivable from credit institutions            | 31 12 2018         |                  | 31 12 2017         |                  |
|---------|---|--------------------|------------------|--------------------|------------------|
|         |   | Line 2             | Line 4           | Line 2             | Line 4           |
| 1       | 2   | 3                  | 4                | 5                  | 6                |
| 1.      | BAB bankas SNORAS   | 268,173,852        | 1,445,887        | 229,633,997        | 1,445,887        |
| 2.      | BAB Ūkio bankas   | 210,744,768        | 587,807          | 210,137,568        | 587,807          |
| 3.      | BCU Naftininkų investicijos                                 | 1,665,667          | 569              | 1,665,667          | 569              |
| 4.      | BCU Švyturio taupomoji kasa                                 | 1,725,460          | 677              | 1,780,770          | 677              |
| 5.      | BCU Laikinosios sostinės kreditas                           | 4,459,743          | -                | 4,490,194          |                  |
| 6.      | BCU Nacionalinės kredito unija                              | 15,223,712         | -                | 16,605,930         |                  |
| 7.      | BCU Vilniaus taupomoji kasa                                 | 20,586,060         | -                | 22,415,660         |                  |
| 8.      | BCU Amber   | 4,616,678          | 50,453           | 4,966,678          | 50,453           |
| 9.      | BCU Žemaitijos išdas  | 606,620            | 1,414            | 438,620            |                  |
| 10.     | BCU Pajūrio   | 937,883            | 2,725            | 323,883            |                  |
| 11.     | BCU Namų  | 560,273            | 702              | 681,273            |                  |
| 12.     | BCU Baltija   | 5,605,405          | 8,717            | 3,515,553          |                  |
| 13.     | BCU Vilniaus kreditas                                       | 4,232,947          | 18,817           | 6,358,947          |                  |
| 14.     | BCU Centro taupomoji kasa                                   | 2,115,006          | 8,888            |                    |                  |
| 15.     | BCU Taupkasė  | 5,683,873          | 5,827            |                    |                  |
|         | <b>Total:</b>   | <b>546,937,947</b> | <b>2,132,483</b> | <b>503,014,740</b> | <b>2,117,768</b> |
|         | <b>Claim guaranteed by a financial security arrangement</b> | -                  | -                | -                  | -                |

### Note 14. Events after the balance sheet date

In performing its functions, the Company participates in legal disputes related to the enforcement of the Deposit Insurance Fund's credit claims with bankrupt institutions. The Fund's expenditure can respectively change depending on court decisions. According to the data of 31 December 2018, the Company, as a defendant and third party, participated in 101 pending cases the amount of claims of which amounted to EUR 13.05 million.

From 1 January 2019, AB Citadele bankas and from 2 January 2019 – AB Luminor Bank discontinued their participation in the Deposit Insurance System of Lithuania. According to provisions of Article 11(6) of the Law of the Republic of Lithuania on Insurance of Deposits and Liabilities to Investors, in 2019, the Insurance Company (the Fund) will transfer paid insurance contributions for the last 12 months to administrators of the insurance system of Latvia and Estonia. For that purpose, the Fund has formed a short-term provision (liability) for the amount of EUR 2.30 million.

After the end of the financial year until the preparation of these financial statements, there were no other events after the balance sheet date, except for those mentioned above that could influence the financial statements or should be disclosed in the financial statements as at 31 December 2018.

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė