

**STATE COMPANY
„INDĒLIŅŅ IR INVESTIŅŅ DRAUDIMAS”**

DEPOSIT INSURANCE FUND

ANNUAL FINANCIAL STATEMENTS

2017

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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 existing 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 2017, 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; Renata Bagdonienė, Director of Financial Services and Markets Supervision Department of the Supervision Service of the Bank of Lithuania; 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 2017

29 January 2018

2017	<i>Presentation currency and accuracy: EUR</i>			
Seq. No	Items	Note No	31 12 2017	31 12 2016
A.	FIXED ASSETS		130,839,800	115,840,000
I.	Intangible assets			
II.	Tangible fixed assets			
III.	Long-term financial assets			
IV.	Other fixed assets	1	130,839,800	115,840,000
B.	BIOLOGICAL ASSETS			
C.	CURRENT ASSETS		105,849,089	147,872,134
I.	Inventories		0	0
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	2	8,338,141	1,912,165
III.	Amounts receivable within one year	3	42,444,941	60,223,178
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		0	0
III.6	Other receivables		42,444,941	60,223,178
IV.	Short-term investments		0	0
V.	Cash and cash equivalents	4	55,066,007	85,736,791
	TOTAL ASSETS:		236,688,889	263,712,134

Seq. No	Items	Note No	31 12 2017	31 12 2016
D.	FINANCING AMOUNTS			
I.	From the State Budget			
II.	From the municipal budget			
III.	From the EU, foreign countries and international organisations			
IV.	From other sources			
E.	LIABILITIES		8,362,965	64,489,974
I.	Long-term liabilities		0	62,264,594
I.1	Long-term financial liabilities	5	0	62,264,594
I.2	Long-term provisions			
I.3	Other long-term liabilities			
II.	Short-term liabilities	6	8,362,965	2,225,380
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	Short-term financial liabilities		0	290,672
II.4	Payable subsidies, grants and financing amounts			
II.5	Amounts payable to the EU budget			
II.6	Amounts payable to budgets and funds			
II.7	Payable social benefits			
II.8	Refundable taxes, contributions and their overpayments			
II.9	Trade payables			
II.10	Accrued payables		8,344,474	1,898,718
II.11	Other short-term liabilities		18,491	35,990
F.	NET ASSETS		228,325,924	199,222,122
I.	Reserves			
II.	Effects of the equity method			
III.	Accrued surplus or deficit		228,325,924	199,222,160
III.1	Surplus or deficit of the current year	7	29,103,764	29,476,428
III.2	Surplus or deficit of the previous year		199,222,160	169,745,732
	TOTAL FINANCING AMOUNTS, LIABILITIES AND NET ASSETS:		236,688,889	263,712,134

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 2017

29 January 2018

2017

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2017	31 12 2016
A.	OPERATING ACTIVITY INCOME		21,986,526	32,471,519
I.	INCOME FROM FINANCING			
II.	INCOME FROM TAXES AND SOCIAL CONTRIBUTIONS		0	0
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	21,986,526	32,471,519
III.1.	Other income from operating activities		21,986,526	32,471,519
III.2.	Amount of transferrable other income from operating activities			
B.	OPERATING ACTIVITY EXPENSES	9	7,954,264	(991,038)
I.	AMOUNTS DEPRECIATED AND WRITTEN-OFF			
II.	SOCIAL BENEFITS			
III.	FINANCING			
IV.	OTHER		7,954,264	(991,038)
C.	OPERATING ACTIVITY SURPLUS OR DEFICIT	10	29,940,790	31,480,481
D.	RESULT OF OTHER ACTIVITIES			
I.	OTHER OPERATING INCOME			
II.	OTHER OPERATING INCOME TRANSFERRABLE TO THE BUDGET			
III.	OTHER OPERATING EXPENSES			
E.	FINANCING AND INVESTING ACTIVITY RESULT	11	(837,026)	(2,004,053)
F.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND OF CORRECTION OF MATERIAL ACCOUNTING ERRORS			
G.	NET SURPLUS OR DEFICIT BEFORE EFFECTS OF APPLICATION OF EQUITY METHOD			
H.	EFFECTS OF APPLICATION OF EQUITY METHOD			
I.	NET SURPLUS OR DEFICIT		29,103,764	29,476,428

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 2017

29 January 2018

2017

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	Attributable to the controlling entity				Accrued surplus or deficit before effects of application of the equity method	Total	Minority interest
			Stakeholders' equity	Fair value reserve	Other reserves	Effects of application of the equity method			
1	2	3	4	5	6	7	8	9	10
1.	Balance as at 31 December 2015						169,745,732	169,745,732	
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						29,476,428	29,476,428	
9.	Balance as at 31 December 2016						199,222,160	199,222,160	
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	7					29,103,764	29,103,764	
17.	Balance as at 31 December 2017						228,325,924	228,325,924	

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė

DEPOSIT INSURANCE FUND

Administrator – SC „Indėlių ir investicijų draudimas”, corporate code 110069451
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CASH FLOW STATEMENT

31 DECEMBER 2017

29 January 2018

2017

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2017	31 12 2016
1	2	3	4	5
A.	CASH FLOWS FROM OPERATING ACTIVITIES		(30,670,822)	97,358,172
I.	Receipts		70,408,430	120,148,859
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			100
I.5	Received interest		774	4,890
I.6	Other receipts:	12	70,407,656	120,143,869
II.	Transferred funds			
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			
III.	Payments		(101,079,252)	(22,790,687)
III.1	Social payments			
III.2	Other services acquired		(469,596)	(620,399)
III.3	Interest paid		(1,128,236)	(1,718,637)
III.4	Other payments:		(99,481,420)	(20,451,651)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		38	6991
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			
IV.	Disposal of long-term financial assets			
V.	(Increase) Decrease in time deposits			
VI.	Other cash flows from investing activities		38	6,991
C.	CASH FLOWS FROM FINANCING ACTIVITIES			(20,525,137)
I.	Receipts from taken loans			
II.	Repayment of taken loans			(20,525,137)
III.	Other cash flows from financing activities			
D.	EFFECTS OF EXCHANGE RATE CHANGES ON BALANCE OF CASH AND CASH EQUIVALENTS			
	(Increase) Decrease in cash and cash equivalents		(30,670,784)	76,840,026
	Cash and cash equivalents at the beginning of the reporting period		85,736,791	8,896,765
	Cash and cash equivalents at the end of the reporting period		55,066,007	85,736,791

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 2017

29 January 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 administering 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 2017 are as follows:

2.1 Form of financial statements

The Fund's financial statements of 2017 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 2017.

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 2017 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. Share of the credit claim receivable after one year and within one year

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. Insurance compensations in the amount of EUR 1.20 billion were disbursed to the depositors of this insurer. By 31 December 2017, the Company succeeded in recovering EUR 827.87 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 2017, the Company succeeded in recovering EUR 51.46 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 2017, the amount of EUR 17.54 million had been successfully 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 4.95 million. By 31 December 2017, the amount of EUR 2.99 million had been successfully 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 2017, the amount of EUR 2.09 million had already been successfully 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 64.10 million. By 31 December 2017, the amount of EUR 33.28 million had already been successfully 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 2017, the amount of EUR 1.37 million had been successfully 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 2017, the amount of EUR 10.00 million had already been successfully 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 2017, the amount of EUR 0.56 million had been successfully 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.

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.

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.

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.

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, EUR:
1	2	3	4	5
1.	BAB bankas SNORAS	115,851,600	9,720,000	125,571,600
2.	BAB Ūkio bankas	6,667,200	990,000	7,657,200
3.	BCC CU Vilniaus taupomoji kasa		8,415,000	8,415,000
4.	BCC Nacionalinė kredito unija		711,000	711,000
5.	BCC CU Švyturio taupomoji kasa		279,000	279,000
6.	BC CU Laikinosios sostinės kreditas		90,000	90,000
7.	BCU Naftininkų investicijos		394,000	394,000
8.	BCU Amber		5,000,000	5,000,000
9.	BCU Namų	300,000	400,000	700,000
10.	BCU Žemaitijos išdas	21,000	620,000	641,000
11.	BCU Baltija	6,000,000	2,000,000	8,000,000
12.	BCU Pajūrio		1,824,000	7,824,000
13.	BCU Vilniaus kreditas	2,000,000	12,000,000	14,000,000
	Total:	130,839,800	42,443,000	173,282,800

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. 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 2.

Table 2. Information on proceeds disbursed, but not collected by depositors, held in accounts with commercial banks

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	4
1.	Prepayments		
1.6.	Other prepayments	8,338,141	1,912,127

1.6.1.	Advance for insurance compensations to depositors of BCC Nacionalinė kredito unija	43,495	43,495
1.6.2.	Advance for insurance compensations to depositors of BCC CU Švyturio taupomoji kasa	4,310	4,310
1.6.3.	Advance for insurance compensations to depositors of BCC CU Laikinosios sostinės kreditas	10,767	18,469
1.6.4.	Advance for insurance compensations to depositors of BCC CU Vilniaus taupomoji kasa	151,987	308,200
1.6.5.	Advance for insurance compensations to depositors of BCC CU Naftininkų investicijos	19	19
1.6.6..	Advance for insurance compensations to depositors of BCU Amber	368,580	1,523,988
1.6.7.	Advance to the Company	0	13,645
1.6.8.	Advance for insurance compensations to depositors of BCU Žemaitijos izdas	4,085	
1.6.9.	Advance for insurance compensations to depositors of BCU Pajūrio	93,129	
1.6.10.	Advance for insurance compensations to depositors of BCU Namų	288,275	
1.6.11.	Advance for insurance compensations to depositors of BCU Baltija	1,178,136	
1.6.12	Advance for insurance compensations to depositors of BCU Vilniaus kreditas	6,195,358	
1.7.	Deferred expenses for execution of non-public sector entities' orders		
2.	Value impairment of prepayments		
3.	Carrying amount of prepayments (1-2)	8,338,141	1,912,127

Note 3. Amounts receivable within one year

Amounts receivable within one year are detailed in Table 3. They include the share of EUR 42,443,000 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 3. Information on amounts receivable within one year

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	4
1.	Acquisition cost of amounts receivable within one year, total	42,444,941	60,223,178
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	42,443,000	60,221,000
1.5.1.	From the budget		
1.5.2.	Other:	42,443,000	60,221,000
1.5.2.1	Receivable credit claim	42,443,000	60,221,000
1.6.	Other receivables:	1,941	2,178
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	457
2.	Value impairment of amounts receivable within one year at the end of the reporting period		
3.	Carrying amount of amounts receivable within one year (1-2)	42,444,941	60,223,178

Note 4. 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 2017, cash balance in the bank account was EUR 55,066,007 (Table 4).

Table 4. Data on balance of cash and cash equivalents

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	4
1.	Cash from the State Budget		
2.	Cash from the municipal budget		
3.	Other cash and cash equivalents	55,066,007	85,736,791
3.1.	Cash with banks	55,066,007	85,736,791
3.2.	Deposits of up to 3 months		
3.3.	Other cash equivalents		
4.	Total cash and cash equivalents	55,066,007	85,736,791
5.	Of which proceeds of resource funds	55,066,007	85,736,791

Note 5. Long-term financial liabilities

During 2017, the loan taken from the Ministry of Finance of the Republic of Lithuania was repaid in full. As at 31 December 2016, the loan balance was EUR 62,264,594.

Interest was also paid according to this loan agreement and accounted for 2.801% of annual interest. In 2017, interest was paid in the amount of EUR 1,128,236 (interest amount accrued to expenses was EUR 837,564).

As at 31 December 2017, the Fund had no long-term debt liabilities.

Note 6. Short-term liabilities

At the end of the reporting period, short-term liabilities of the Fund totalled EUR 8,362,965, comprising:

- EUR 8,338,141 of accumulated payable insurance compensations not collected by depositors and held in accounts with commercial banks (payment agents);
- EUR 6,333 of payables of accrued procedural interest;
- EUR 12,779 of prepayments – overpaid insurance contributions from credit institutions (credit unions);
- EUR 5,712 of payables to the Company as the administrating entity.

Table 5. Information on certain short-term payables

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	4
1.	Payable subsidies, grants and financing amounts		
2.	Liabilities related with employment relations		
3.	Trade payables		
4.	Accrued payables	8,344,474	2,189,390

4.1.	Accrued funding expenses		
4.2.	Accrued expenses for holiday pay		
4.3.	Other accrued expenses	8,338,141	1,898,718
4.4.	Other accrued payables	6,333	290,672
5.	Other short-term liabilities	18,491	35,990
5.1.	Payable taxes on operations		
5.2.	Received prepayments	12,779	35,990
5.3.	Other payables	5,712	
6.	Carrying amount of certain short-term payables (1+2+3+4+5)	8,362,965	2,225,380

Table 6 contains information on disbursed, collected and not collected insurance compensations from the Fund and their dynamics. The balance of insurance compensations disbursed, but not collected by depositors with credit institutions at the end of 2017 totalled EUR 1,898,482.

Table 6. Paid insurance compensations held with credit institutions under payment service agreements (DIMA)

Seq. No	Credit institution	Balance as at 31 12 2016	Paid (collected) insurance compensations	Balance as at 31 12 2017
1	2	3	4	5
1.	BCC CU Vilniaus taupomoji kasa	308,200	164,614	151,987
2.	BCC Nacionalinė kredito unija	43,495		43,495
3.	BCC CU Švyturio taupomoji kasa	4,310	100,000	4,310
4.	BC CU Laikiniosios sostinės kreditas	18,469	7,701	10,767
5.	BCU Naftininkų investicijos	19		19
6.	BCU Amber	1,523,989	1,155,409	368,580
7.	BCU Namų	-	1,092,998	288,275
8.	BCU Žemaitijos išdas	-	1,630,535	4,085
9.	BCU Baltija	-	10,342,623	1,178,136
10.	BCU Pajūrio	-	2,054,753	93,129
11.	BCU Vilniaus kreditas	-	14,163,589	6,195,358
	Total:	1,898,482	30,712,222	8,338,141

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 EUR 29,103,764 of the 'Surplus or deficit of the current year' is calculated by deducting from (adding to) the total amount of income from operating activities of EUR 21,986,526 (see Note 8) the operating activity expenses of EUR 7,954,264 (see Note 9) and deducting the financing and investing activity result of (-) EUR 837,026 (see Note 11).

The amount of EUR 228,325,924 of the 'Accumulated surplus or deficit' is calculated by adding up amount of surplus of EUR 29,103,764 of the 'Surplus or deficit of the current year' and the amount of surplus of EUR 199,222,160 of the accumulated 'Surplus or deficit of the previous year'.

Note 8. Operating activity income

As at 31 December 2017, deposits were insured by 6 commercial banks and 70 credit unions. The amount of insurance contributions calculated for the deposit insurance system participants in 2017 totalled EUR 21.99 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 1K-210 of the Minister of Finance of the Republic of Lithuania of 31 May 2017 for the period between 1 July 2017 and 30 June 2018 was EUR 11.82 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 194 of the Minister of Finance of the Republic of Lithuania of 19 May 2016 on the setting of the annual amount of periodic (ex ante) deposit insurance contributions for the period between 1 July 2016 and 30 June 2017 was EUR 32.40 million.

Table 7. Operating activity income

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	4
1.	Calculated income from operating activities		
2.	Other income from operating activities to be transferred into the Budget		
3.	Other income from operating activities:	21,986,526	32,471,519
3.1.	<i>Insurance contributions of banks</i>	20,737,612	30,554,502
3.2.	<i>Insurance contributions of credit unions</i>	1,248,914	1,917,017

Note 9. Operating activity expenses

The amount of operating activity expenses totalled (-) EUR 37,708,036; the calculated share of credit aim – EUR 45,662,300 and the positive amount of expenses is EUR 7,954,264 (see Table 8).

Table 8. Operating activity expenses

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	4
1.	Depreciation and written-off amounts		
2.	Social benefits		
3.	Financing		
4.	Other	7,954,264	(991,038)
4.1.	<i>Cash received from bankruptcy administrators of insurers under liquidation:</i>	45,662,300	7,445,000
4.1.1.	<i>BCC CU Naftininkų investicijos</i>	324,500	102,000
4.1.2.	<i>BCC Amber</i>	1,000,000	
4.1.3.	<i>BCC Žemaitijos išdas</i>	555,000	
4.1.4.	<i>BCC Nacionalinė</i>	203,000	
4.1.5.	<i>Difference of recalculated credit claim</i>	43,579,800	7,343,000
4.2.	<i>Insurance compensations paid in 2017:</i>	(37,217,736)	(20,441,924)
4.2.1.	<i>Insurance and other compensations to depositors of BAB bankas SNORAS</i>	(61,503)	(475,246)
4.2.2.	<i>Insurance compensations to depositors of CU Amber</i>	-	(19,966,678)
4.2.3.	<i>Insurance compensations to depositors of CU Žemaitijos išdas</i>	(1,634,620)	
4.2.4.	<i>Insurance compensations to depositors of CU Pajūrio</i>	(2,147,883)	
4.2.5.	<i>Insurance compensations to depositors of CU Namų</i>	(1,381,273)	
4.2.6.	<i>Insurance compensations to depositors of CU Baltijos</i>	(11,520,740)	
4.2.7.	<i>Insurance compensations to depositors of CU Švyturio</i>	(100,000)	
4.2.8.	<i>Insurance compensations to depositors of CU Vilniaus TK</i>	(8,400)	
4.2.9.	<i>Insurance compensations to depositors of CU Vilniaus kreditas</i>	(20,358,947)	
4.2.10.	<i>Insurance compensations to depositors of BAB bankas LITIMPEKS</i>	(9,558)	
4.2.11.	<i>Recovered insurance compensations of CU Baltijos</i>	5,188	
4.3.	<i>Insurance compensations recovered through court</i>		159,546

4.4	Insurance compensations recovered after expiry of 5 years		12,493,224
4.5	Insurance compensation calculated for recovery through court		1,721
4.6	Interest accrued on insurance compensations recovered through court		(235)
4.7	Fee for administration of the Fund	(488,953)	(605,528)
4.8	Bank commissions		(2)
4.9	Negative results of previous periods		(42,840)
4.10	Insurance contributions of bankrupt CUs written down to expenses	(1,347)	
	Operating activity expenses	7,954,264	(991,038)

Note 10. Surplus or deficit from operating activities

Surplus from operating activities of EUR 29,940,790 is calculated as the sum of the amount of the operating activity income of EUR 21,986,526 and of the positive operating activity expenses of EUR 7,954,264 (see Note 9).

Note 11. Financing and investing activity result

In 2017, financing and investing activity income totalled EUR 538, i.e. interest income from funds held in a bank account and penalties paid by deposit insurance participants relating to insurance contributions. Financing and investing activity expenses comprised interest paid on the loan according to Agreement No 804 (see Note 5 for more information).

Table 9. Financing and investing activity income and expenses

Seq. No	Item	31 12 2017	31 12 2016
1	2	3	4
1.	Financing and investing activity income	538	5,256
1.1.	Gains from exchange rate changes		
1.2.	Income from fines and penalties		
1.3.	Interest income:	537	5,256
1.3.1.	DIMA interest on funds held in bank accounts	537	537
1.3.2.	Interest on deposits held with a bank		
1.3.3	Other interest income		4,681
1.3.4	Interest on securities		38
1.5.	Other financing and investing activity income	1	
1.6.	Transferable financing and investing activity income		
2.	Financing and investing activity expenses	(837,564)	(2,009,309)
2.1.	Losses from exchange rate changes		
2.2.	Expenses on fines and penalties		
2.3.	Interest expenses	(837,564)	(2,009,309)
2.4.	Other financing and investing activity expenses		
3.	Financing and investing activity result (1 - 2)	(837,026)	(2,004,053)

Note 12. Other receipts

Other receipts total EUR 70,407,656 and comprise EUR 48,440,500 received from bankruptcy proceedings (see Table 10), insurance contributions in the amount of EUR 21,959,468 and other proceeds in the amount of EUR 7,688.

Table 10. Funds received from administrated bankruptcy proceedings in 2017

Seq. No	Name	31 12 2017	31 12 2016
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1	2	3	4
1.	BAB Snoras	19,150,000	40,000,000
2.	BAB Ūkio bankas	6,350,000	26.,100,000
3.	Nacionalinė BCC	2,500,000	3,900,000
4.	BCC Švyturio taupomoji kasa	70,000	500,000
5.	BCC Laikinosios sostinės kreditas	0	430,000
6.	BCC Naftininkų investicijos	365,500	102,000
7.	BCC Vilniaus taupomoji kasa	9,450,000	8,200,000
8.	BCC Amber	10,000,000	
9.	BCC Žemaitijos išdas	555,000	
	Total:	48,440,500	79,232,000

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 possible assets which result 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 Fund. These contingent assets are not reflected in the statement of financial position.

Table 11 shows credit claims of the Fund with bankrupt credit institutions according to the actual data as at 31 December 2017.

Table 11. Rights and liabilities not reflected in the statement of financial position

Seq . No	Credit claim receivable from credit institutions	31 12 2017		31 12 2016	
		Line 2	Line 4	Line 2	Line 4
1	2	3	4	5	6
1.	BAB bankas SNORAS	229,633,997	1,445,887	237,498,610	1,126,977
2.	BAB Ūkio bankas	210,137,568	587,807	206,484,768	587,807
3.	BCC CU Naftininkų investicijos	1,665,667	569	2,384,167	569
4.	BCC CU Švyturio taupomoji kasa	1,780,770	677	1,942,770	677
5.	BCC CU Laikinosios sostinės kreditas	4,490,194	-	4,426,194	
6.	BCC Nacionalinės kredito unija	16,605,930	-	17,519.,931	
7.	BCC Vilniaus taupomoji kasa	22,415,660	-	30,290,260	
8.	BCC Amber	4,966,678	50,453	10,966,678	50,453
9.	BCC Žemaitijos išdas	438,620	1,414		
10.	BCC Pajūrio	323,883	2,725		
11.	BCC Namų	681,273	702		
12.	BCC Baltija	3,515,553	8,717		
13.	BCC Vilniaus kreditas	6,358,947	18,817		
	Total:	503,014,740	2,117,768	511,513,378	1,716,030
	Claim secured by a financial security arrangement	-	-	-	-

Note 14. Events after the balance sheet date

In performing its functions, the Company participates in legal disputes related to claims brought with the Deposit Insurance Fund for disbursement of insurance compensations and/or annual interest of 5% for insurance compensations for deposit certificates of AB bankas SNORAS which, in the opinion of claimants, were disbursed with delay. The Company also participates in legal disputes regarding renewal of the overdue term of validity of the right to the insurance compensation (in the case of AB bankas SNORAS). As at 31

December 2017, the Company also participated in legal disputes according to the bankruptcy administrator's complaints regarding the challenging of four resolutions of credit meetings/committee of credit institutions.

According to the data of 31 December 2017, the Company, as a defendant and third party, participated in 166 pending legal disputes the amount of claims of which is EUR 18.2 million.

The major part (76%) of cases were related to bonds issued by AB bankas SNORAS (both, bonds which had entered into force and that had not entered into force before the bankruptcy of the bank). Some claimants claim insurance compensations for deposits and/or liabilities to investors for funds paid in for the issue of shares of AB bankas SNORAS which has not entered into force.

Legal proceedings regarding shares issued by AB bankas SNORAS and bonds that have not entered into force have been suspended and will be renewed after the ruling of the Court of Justice of the European Union and explanations issued by the Supreme Court of Lithuania following the receipt of the preliminary ruling of the CJEU.

Having regard to explanations provided in the Ruling of the Supreme Court of Lithuania of 17 November 2015, on 14 December 2015, deposit insurance compensations were paid. In some cases disputes regarding deposit certificates are still pending and individuals claim from the Company the procedural interest of 5% from the amount of insurance compensation paid for deposit certificates. As explained by the Supreme Court of Lithuania in the Ruling of 28 July 2017 in the Civil Case 3K-3-325-684/2017, the Company may become obliged to pay procedural interest for insurance compensations not paid in due time for deposit certificates of AB bankas SNORAS. In analogous civil cases which had been suspended before adoption of the Ruling of the Supreme Court of Lithuania of 28 July 2017, the Company concluded peaceful settlement agreements.

In January 2018, the amount of procedural interest of EUR 90,500 was paid according to the ruling of Vilnius Regional Court.

After the end of the financial year until the approval 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 2017.

Director

Aurelija Mažintienė

Acting Chief Accountant

Laima Tankevičiūtė