

**STATE COMPANY
'INDĖLIŲ IR INVESTIJŲ DRAUDIMAS'**

RESOLUTION FUND

ANNUAL FINANCIAL STATEMENTS

2019

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MAIN DETAILS OF THE COMPANY ADMINISTRATING THE RESOLUTION 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:	15 July 2019
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 2019, the Company's Council consisted of 5 members:

Chairwoman of the Council:	Vilma Mačerauskienė, Director of the Financial Markets Policy Department of the Ministry of Finance
Deputy Chairwoman of the Council:	Lina Frejutė, Deputy Head of the Project Management Division of the Ministry of Finance
Members of the Council:	Audrutė Dziskienė, Advisor of the Credit and Payment Markets Division of the Ministry of Finance; Renata Bagdonienė, Director of the Prudential Supervision Department of the Supervision Service of the Bank of Lithuania Gediminas Šimkus, Director of the Economics and Financial Stability Service of the Bank of Lithuania
Director of the Company:	Aurelija Mažintienė
Bank:	AB Swedbank

RESOLUTION 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 2019

10 March 2020 No

2019

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2019	31 12 2018
A.	FIXED ASSETS			
I.	Intangible assets			
II.	Tangible fixed assets			
III.	Long-term financial assets			
IV.	Other fixed assets			
B.	BIOLOGICAL ASSETS			
C.	CURRENT ASSETS		5,000	4,009
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.	Advances			
III.	Amounts receivable within one year			
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			
IV.	Short-term investments			
V.	Cash and cash equivalents	1	5,000	4,009
	TOTAL ASSETS:		5,000	4,009

Seq. No	Items	Note No	31 12 2019	31 12 2018
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			9
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	2		9
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			
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	Accumulated payables			
II.11	Other short-term liabilities			
F.	NET ASSETS		5,000	4,000
I.	Reserves			
II.	Effects of the equity method			
III.	Accumulated surplus or deficit	3	5,000	4,000
III.1	Surplus or deficit of the current year		1,000	1,000
III.2	Surplus or deficit of the previous year		4,000	3,000
	TOTAL FINANCING AMOUNTS, LIABILITIES AND NET ASSETS		5,000	4,009

Director

Aurelija Mažintienė

Chief Accountant

Laima Tankevičiūtė

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STATEMENT OF OPERATING RESULTS 31 DECEMBER 2019

10 March 2020 No

2019

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2019	31 12 2018
A.	OPERATING ACTIVITY INCOME		1,000	1,000
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	4	1,000	1,000
III.1.	Other income from operating activities		1,000	1,000
III.2.	Amount of transferrable other income from operating activities			
B.	OPERATING ACTIVITY EXPENSES			
I.	AMOUNTS DEPRECIATED AND WRITTEN-OFF			
II.	SOCIAL BENEFITS			
III.	FINANCING			
IV.	OTHER			
C.	OPERATING ACTIVITY SURPLUS OR DEFICIT		1,000	1,000
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			
F.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND OF CORRECTION OF MATERIAL ACCOUNTING ERRORS			
G.	NET SURPLUS OR DEFICIT BEFORE EFFECTS OF EQUITY METHOD		1,000	1,000
H.	EFFECTS OF EQUITY METHOD			
I.	NET SURPLUS OR DEFICIT		1,000	1,000

Director

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Laima Tankevičiūtė

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STATEMENT OF CHANGES IN NET ASSETS 31 DECEMBER 2019

10 March 2020 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 equity method			Accumulated surplus or deficit before effects of equity method
1	2	3	4	5	6	7	8	9	10
1.	Balance as at 31 December 2017						3,000	3,000	
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						1,000	1,000	
9.	Balance as at 31 December 2018						4,000	4,000	
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						1,000	1,000	
17.	Balance as at 31 December 2019						5,000	5,000	

Director

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CASH FLOW STATEMENT 31 DECEMBER 2019

10 March 2020 No

2019

Presentation currency and accuracy: EUR

Seq. No	Items	Note No	31 12 2019	31 12 2018
A.	CASH FLOWS FROM OPERATING ACTIVITIES		991	1,000
I.	Inflows		1,000	1,000
I.1.	Financing amounts for other expenses and stocks			
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			
I.6	Other inflows:		1,000	1,000
II.	Transferred funds		9	
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		9	
III.	Payments			
III.1	Social benefits			
III.2	Other services acquired			
III.3	Interest paid			
III.4	Other payments			
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
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			
VII.	Other services acquired			
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
I.	Inflows from taken loans			
II.	Repayment of taken loans			
III.	Other cash flows from financing activities			
D.	EFFECTS OF EXCHANGE RATE CHANGES ON BALANCE OF CASH AND CASH EQUIVALENTS			
I.	(Increase) Decrease in cash and cash equivalents		991	1,000
II.	Cash and cash equivalents at the beginning of the reporting period		4,009	3,009
III.	Cash and cash equivalents at the end of the reporting period		5,000	4,009

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EXPLANATORY NOTES 31 DECEMBER 2019

1. General part

The State Company ‘Indėlių ir investicijų draudimas’ (hereinafter – the Company) has been tasked with administrating the Resolution Fund (hereinafter – the Fund) from 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 Company is the Ministry of Finance of the Republic of Lithuania.

The Resolution Fund accumulates assets for the financing of the financial sector entity’s resolution tools provided for in Article 103 of the Law No XI-393 of the Republic of Lithuania on Financial Sustainability of 22 July 2009.

Participants of the Resolution Fund are banks, central credit unions and financial brokerage firms that are subject to the requirements set out in Article 12¹(2) of the Law of the Republic of Lithuania on Markets in Financial Instruments and that do not fall within the scope of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ 2014 L 225, p. 1) specified in Article 2 of this Regulation.

The Fund’s proceeds consist of (Article 32(2) of the Law):

- regular (*ex ante*) contributions, including payment obligations to the Fund;
- special (*ex post*) contributions;
- loans received from financial institutions or other third parties, including financing structures of other Member States;
- income from the Fund’s investments;
- share of costs incurred for the purposes established in Article 103 of Law of the Republic of Lithuania on Financial Sustainability, which shall be recovered through the resolution actions;
- funds received from the financing structures of other Member States in repayment of a loan granted by the Fund, including interest and penalties;
- penalties paid by the institutions paying contributions;
- other amounts specified in legal acts.

The Fund’s proceeds are used for (Article 32(3) of the Law):

- covering the costs incurred for the purposes established in Article 103 of Law of the Republic of Lithuania on Financial Sustainability;
- covering the costs of the Fund’s investments;
- repayment of loans received from financing structures, financial institutions or other third parties of other Member States, including interest and penalties.

2. Summary of significant accounting principles

The main principles of accounting applied in preparing financial statements of the Fund for the year ended 31 December 2019 are as follows:

2.1 Form of financial statements

The Fund's financial statements of 2019 were 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 Compliance of financial statements with the Standards

The Fund's financial statements of 2019 were prepared according to the Public Sector Accounting and Financial Reporting Standards (hereinafter – 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 the currency of the Republic of Lithuania – the euro (EUR).

2.4 Receivables

According to 17 PSAFRS 'Financial assets and financial liabilities', upon initial recognition receivables are measured at acquisition cost. Subsequently, short-term receivables are registered in the accounting considering their impairment in value, and long-term receivables – at discounted value less impairment losses.

2.5 Cash and cash equivalents

According to 17 PSAFRS 'Financial assets and financial liabilities', cash and cash equivalents comprise cash held in the Fund's bank account.

In the cash flow statement, cash and cash equivalents comprise cash in bank accounts.

2.6 Debt obligations

According to 17 PSAFRS 'Financial assets and financial liabilities', initially debts are carried at fair value and subsequently – taking account of their value impairment.

2.7 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.

In observance of 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 income from operating activities.

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 measured.

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

The amount of expenses is usually measured at the paid or payable consideration, 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 the rights and obligations of the owner of the Company – the Ministry of Finance of the Republic of Lithuania. Expenses of administration of the Fund are covered from the administration contributions paid by the participant(s).

2.8 Foreign currency

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

2.9. Closing of accounts of the reporting period

After recording of all operations of the financial year, all accounts of income and expenses are closed. The balances of the last day of the financial year of all income and expenses accounts are transferred to the account 'Accumulated surplus or deficit' on the last day of the financial year. The current year's surplus or deficit is the surplus generated or the deficit incurred by the Fund during 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.

2.8. Use of estimates in preparing financial statements

According to 18 PSAFRS 'Provisions, contingent liabilities, contingent assets and events after the balance sheet date' and when preparing financial statements certain assumptions and estimates are revised which influence the presented amounts of assets, liabilities, income and expenses, as well as 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, and the information is presented in the explanatory notes.

3. Explanatory notes

Note 1. Cash and cash equivalents

The Fund's proceeds are held in a separate bank account. As at 31 December 2019, the cash balance in the bank account was EUR 5,000.

Table 1. Information on balance of cash and cash equivalents

Seq. No	Item	31 12 2019	31 12 2018
1	2	3	
1.	Cash from the State Budget		
2.	Cash from the municipal budget		
3.	Other cash and cash equivalents	5,000	4,009
3.1.	Cash with banks	5,000	4,009
3.2.	Cash in frozen accounts		
3.3.	Devaluation of cash in frozen accounts		
3.4.	Deposits of up to 3 months		
3.5.	Other cash equivalents		

4.	Total cash and cash equivalents	5,000	4,009
5.	Of which proceeds of resource funds	5,000	4,000

Note 2. Short-term liabilities

As at 31 December 2019, the Fund had no short-term liabilities.

Note 3. Accumulated surplus or deficit

The amount of EUR 5,000 of 'Accumulated surplus or deficit' comprises insurance contributions paid for 2015–2019 by one participant of the Resolution Fund. This amount was retained by the Resolution Fund in accordance with Resolution No 03-216 of the Board of the Bank of Lithuania on the description of the procedure for the administration of the Resolution Fund of 31 December 2015.

Note 4. Other income from operating activities

In 2019, the amount of insurance contributions was paid into the Fund was EUR 1,000. The insurance contributions were paid into the Fund by one financial brokerage firm. Accordingly, the Fund's other income from operating activities in 2019 totalled EUR 1,000.

Table 3. Other income from operating activities

Seq. No	Item	31 12 2019	31 12 2018
1	2	3	
1.	Estimated operating activity income	1,000	1,000
1.1.	Income from fees and charges		
1.2.	Income from administrative fines		
1.3.	Income from contributions paid into the Funds according to the Law of the Republic of Lithuania on Insurance of Deposits and Liabilities to Investors		
1.4.	Income from sale of inventories		
1.5.	Profit from sale of tangible fixed assets, intangible assets and biological assets		
1.6.	Income from provided services		
1.7.	Other	1,000	1,000
2.	Other income from operating activities transferrable into the Budget		
3.	Other income from operating activities	1,000	1,000

Note 6. Rights and obligations not reflected in the in the statement of financial position

In observance of provisions of 18 PSAFRS the Company assessed the probability of receivable and payable debts / assets of the Fund and did not identify any such rights and obligations.

Note 7. Events after the balance sheet date

Except for the above stated, there were no other events after the balance sheet date until approval of these financial statements that would have affected or should have been disclosed in the annual financial statements as of 31 December 2019.

Director

Aurelija Mažintienė

Chief Accountant

Laima Tankevičiūtė