LIETUVOS BANKAS
EUROSISTEMA

Activities of financial market participants

Banking Activity Review

2018

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Activities of financial market participants
2018

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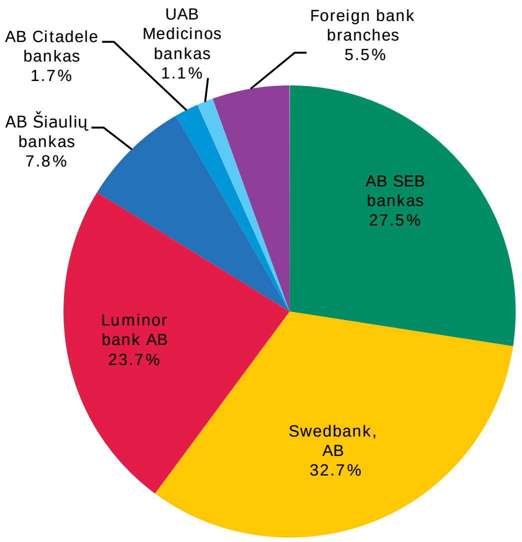
In 2018, the Lithuanian banking system saw significant structural changes: the Bank of Lithuania issued three new specialised bank licences, while two banks were reorganised into foreign bank branches. The Bank of Lithuania has continued to assess risks and enhanced its supervisory measures to combat money laundering and terrorist financing. Both bank lending and deposit growth were strong. According to end-of-year figures, domestic banks complied with the set capital adequacy and liquidity requirements. Growing crediting has been also driving the increase in capital requirements for credit risk, yet capitalisation of banks remained sufficient. In 2018, banks earned the greatest profit since the economic recession. Both interest income as well as fee and commission income increased, while robust lending and low deposit interest rates boosted banks' operating income. This year banks were exposed to stronger cost pressures, yet the efficiency of the Lithuanian banking system continues to be among the highest in the European Union.

BANKING SECTOR DEVELOPMENTS

There were a number of participant-related quantitative and qualitative developments that took place in the Lithuanian banking sector in 2018. At the end of 2018, 6 banks and 7 foreign bank branches were active in Lithuania, yet the end of the year witnessed some significant changes, which in 2019 will influence both the statistics on banks and foreign bank branches, and the market itself, which will see an influx of new products and services rendered by new market participants.

At the end of the year, the European Central Bank (ECB) granted a specialised bank licence to Revolut Bank UAB, European Merchant UAB, and AB Mano bankas (at the beginning of 2019 the first two were not yet in operation). AB Mano bankas, which was established after the credit union Mano unija had been issued a specialised bank licence and was subsequently reorganised, became operational on 2 January 2019. The newly-established specialised banks plan to carry out credit activities, some of them will engage in financing of small and medium-sized businesses or accept deposits, oftentimes via electronic distribution channels. Currently, the Bank of Lithuania, together with the ECB, is assessing 5 more applications for a licence, including 1 for a bank licence and 4 for a specialised bank licence.

Chart 1. Banks and foreign bank branches that operated in Lithuania in 2018 by assets



Source: Bank of Lithuania.

Table 1. Newcomers and participants that left the banking sector at the beginning of 2019

Name	Status
Luminor bank AB	Licence revoked
Luminor bank AS Lithuania branch	New branch
AB Citadele bankas	Licence revoked
AS Citadele banka Lithuania branch	New branch
Revolut Bank AB	Licence granted
AB Mano bankas	Licence granted
European Merchant UAB	Licence granted

Source: Bank of Lithuania.

Following the completion of the consolidation process of Luminor Bank AB, its Lithuanian licence was revoked with effect from January 2019. Starting from 2019, its activities will be carried out via the Lithuanian branch of Luminor Bank AS, headquartered in Estonia. In addition, the licence of AB Citadele bankas was also revoked with effect from January 2019. The bank will carry out its activities as the Lithuanian branch of its Latvian parent company AS Citadele banka. Changes in the status of Luminor Bank AB and AB Citadele bankas will have no impact on the provision of their services in Lithuania. The reorganisation of both banks attests to their efforts to enhance efficiency and optimise costs. The major changes resulting from the reorganisation are as follows: the Bank of Lithuania will no longer perform direct prudential supervision of these two banks and their capital requirements will be established by the Estonian or Latvian supervisory authorities. Also, deposits held with the newly-established branches will be insured under the Estonian or Latvian deposit insurance systems.

In February 2019, Danske Bank A/S notified about its intentions to cease the activities of its Lithuanian branch. It also informed of its decision to leave the Russian, Latvian, and Estonian markets. This was the bank's response to the order of the Estonian Financial Supervision Authority for Danske Bank A/S to cease its banking operations in Estonia following the case of suspicious transactions in the country in the period from 2007 to 2015. As of now, the exact date of the termination of the activities of Danske Bank A/S Lithuania branch is not clear yet.

Reflecting on all of the above, 7 banks are currently holding a bank or a specialised bank licence in Lithuania, while 9 banks carry out their activities as foreign bank branches.

PREVENTION OF MONEY LAUNDERING

MONEYVAL carried out a comprehensive assessment of anti-money laundering and counter terrorist financing measures. In 2018, the European Council Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) carried out a comprehensive assessment of the Lithuanian anti-money laundering and counter terrorist financing (AML/CTF) regime.[1] The assessment included technical compliance as well as efficiency of the actual AML/CTF measures from 2013 to 2017. The experts recognised the effective controls that the Bank of Lithuania introduced in relation to authorisation of financial market participants. Cooperation between the Bank of Lithuania and the Financial Crime Investigation Service in inspecting financial market participants and exchanging information has also been acknowledged. The institutions were provided certain recommendations aimed at strengthening the AML/CTF regime in Lithuania; they will report on the progress made at the MONEYVAL plenary session to be held in mid-2020.

The Bank of Lithuania has been assessing risks and strengthening preventive actions to combat money laundering and terrorist financing. The Bank of Lithuania launched a regularly updated FAQ page on its website which covers some of the most asked questions related to money laundering and terrorist financing prevention in Lithuania.[2] To strengthen ML/TF prevention and risk management in the financial sector, at the beginning of 2019 the Bank of Lithuania established a division responsible for supervision in this field. At the beginning of 2019, the Bank of Lithuania also joined the multilateral agreement between national supervisory authorities and the ECB on the practical aspects of exchange of information pursuant to the EU Directive on the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing (5AMLD).

ASSETS AND LIABILITIES

Similarly to the previous year, asset growth was driven by lending activities. At the end of 2018, the assets of the banking system stood at €28.6 billion[3], surging by €1.3 billion (4.7%) year on year. The

[1] The assessment report on Lithuania is available at: https://rm.coe.int/committee-of-experts-on-the-evaluation-of-anti-money-laundering-measur/16809247ed.

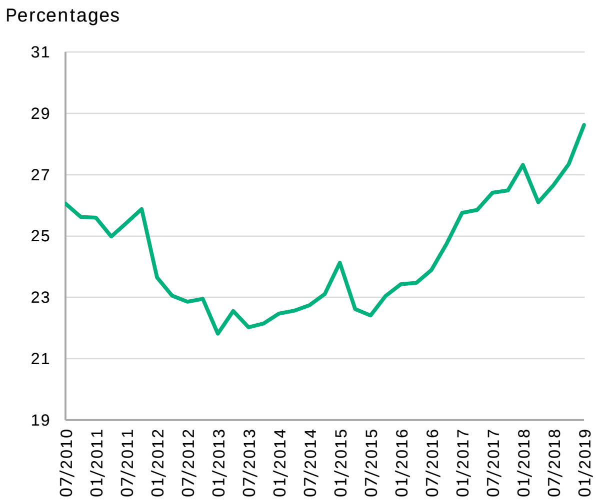
[2] The FAQ page is available at: https://www.lb.lt/en/faq-prevention-of-money-laundering-and-terrorist-financing.

[3] The report is based on unaudited data. Should system participants adjust their statements, the data of the review may be revised.

amounts of quarterly changes did not differ from those of annual changes. Lending activities, which rapidly boosted over the last year, unequivocally continue to comprise the largest category in the asset structure of the banking sector (70%). Compared to the end of 2017, growth in banks' assets was also led by the fact that more funds were held in cash and in central bank accounts, yet their positive effect was outweighed by decreased balances of funds held with credit institutions, the amount of debt securities, and other less significant asset positions.

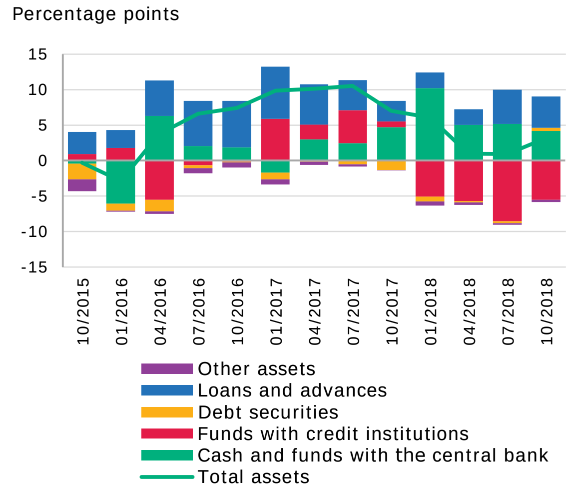
Deposits, constituting the largest share of the sector's liabilities, continued to increase. Throughout 2018, banks' liabilities increased by €1.1 billion (4.5%), to €25.9 billion. Customer deposits comprised the main bulk of liabilities (86%) and thus were the main driver of their growth (see more in section *Deposits with banks*). At the end of 2018, customer deposits with banks amounted to €22.3 billion, their annual growth stood at €2.2 billion (11.2%). However, regardless of the gradual increase in the sector's liabilities, in 2018 their growth rate was slightly more moderate than a year ago. The positive effect of the increase in customer deposits with banks was reduced by the decline in the funds of parent credit institutions held in subsidiary banks and branches – these funds shrunk by €1.3 billion (-33.5%), to €2.6 billion. Other items of liabilities comprised a relatively small share of all liabilities and did not have any significant effect.

Chart 2. Assets of the banking sector
(1 July 2010–1 January 2019)



Source: Bank of Lithuania.

Chart 3. Contributions to asset growth
(1 October 2015–1 January 2019)



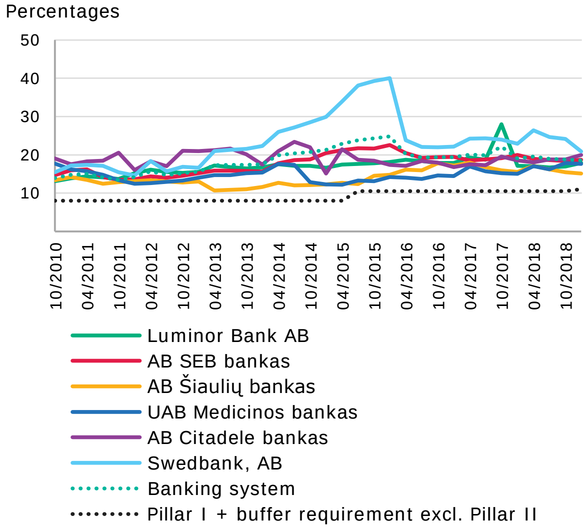
Source: Bank of Lithuania.

COMPLIANCE WITH REQUIREMENTS

Growing lending also drives the increase in capital requirements for credit risk, yet the level of capital within the banking system remains high. At the end of 2018, the overall capital adequacy ratio of the banking system was slightly lower, compared to 2017, yet still high. At the end of the reporting period, the overall capital adequacy ratio stood at 18.6%, a quarter-on-quarter decrease of 0.2 percentage point (0.5 percentage point year on year). Banks' own funds were gradually rising, thus the decline in the overall capital adequacy ratio was mainly driven by growth in bank balances as a result of credit activities, which, in turn, stimulated the increase in their capital requirements for credit risk. For this reason, capital adequacy ratios for three major banks operating in Lithuania dropped, while for others they went up. It should be noted that, starting from 2019, capital requirements will no longer be established for Luminor Bank AB and AB Citadele bankas, which were reorganised into Lithuanian branches of the respective Estonian and Latvian banks. They will be established by the ECB and Latvian financial supervisory authorities, respectively.

Chart 4. Capital adequacy ratios of banks

(1 October 2010–1 January 2019)



Source: Bank of Lithuania.

Table 2. Capital adequacy ratios and requirements set by the Bank of Lithuania

(1 October 2016–1 January 2019)

	2018 Q3	2018 Q4	
	Ratio, %		Requirement, %
Luminor Bank AB	17.0	17.9	Set by the ECB
AB SEB bankas	18.4	18.7	Set by the ECB
AB Šiaulių bankas	15.5	15.1	12.9
UAB Medicinos bankas	17.9	17.7	12.7
AB Citadele bankas	18.8	20.0	14.5
Swedbank, AB	24.1	20.9	Set by the ECB
Banking system	18.8	18.6	–

Note: The Bank of Lithuania and the ECB, which carry out supervision, assess and define the requirements on an annual basis. Capital adequacy requirements set by the ECB, which carries out direct supervision, are not publicly released by decision of the ECB.

Source: Bank of Lithuania.

At the end of 2018, all banks complied with their set minimum capital adequacy requirements, as indicated in Table 2. They currently have to comply with the Pillar I minimum capital adequacy requirement (8.0%), Pillar II additional capital requirement, which is set on an individual basis, and the combined buffer requirement. The latter is currently comprised of the capital conservation buffer requirement (2.5%), the countercyclical capital buffer requirement (0.5%), and the other systemically important institution buffer requirement (1.0-2.0%).

As of 31 December 2018, banks holding positions in Lithuania must have accumulated a countercyclical capital buffer. The previously effective countercyclical buffer (CCyB) rate of 0.0% was raised to 0.5%. Taking into account the economic situation, the Bank of Lithuania reviews the CCyB rate on a quarterly basis and has already increased it twice. The CCyB requirement of 1.0% – increased for the second time – will become effective on 30 June 2019. Following the decision of the Bank of Lithuania to increase the CCyB rate, banks have one year to accumulate the required capital buffers to meet the requirement. The decision to raise the CCyB rate was made in view of higher intensity in credit activities and developments in the real estate market. The economy of Lithuania, along with the financial sector, is currently on an upswing. In light of the fact that banks' profitability is increasing, the Bank of Lithuania considers it is high time part of their earnings were set aside, thus increasing resilience to potential economic shocks in the future.

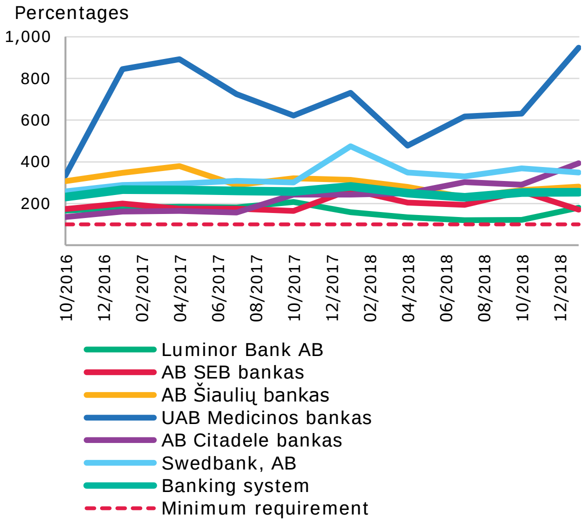
At the end of 2018, the Bank of Lithuania also reviewed the rates of the capital buffers of systemically important institutions. These currently include AB SEB bankas, Swedbank, AB, and AB Šiaulių bankas. The previous rate of 2.0% remained valid for AB SEB bankas and Swedbank, AB, while a new reserve requirement of 1.0% (to come into force as of 31 December 2020), instead of the previously applied requirement of 0.5%, was established for AB Šiaulių bankas.

In 2018, banks' liquidity buffers further increased, thus their liquidity level remains exceptionally high. Banks held a strong position in terms of liquidity due to stability in their financing sources – in 2018, resident and corporate deposits held with banks continued to grow. Customer deposits with the Lithuanian branch of Danske Bank A/S, which is planning to cease its operations in Lithuania, also had a positive effect on the liquidity ratios of banks operating in Lithuania, adding to the deposit portfolios of other banks in the second half of the year. In 2018, the cost of banks' own financing remained largely unchanged and its level was still low.

Since the volume of deposits with banks is stable, banks are able to maintain their liquidity buffer well above the set minimum requirement. The main indicator reflecting the liquidity situation, namely the liquidity coverage ratio (LCR), was more than twice above the minimum requirement of 100% throughout 2018. At the end of year, it stood at 254.2% (see Table 3).

Chart 5.Liquidity coverage ratios of banks

(1 October 2016–1 January 2019)



Source: Bank of Lithuania.

Table 3. Liquidity coverage ratios of banks

	2018 Q3	2018 Q4
Luminor Bank AB	121.0	179.2
AB SEB bankas	257.6	170.3
AB Šiaulių bankas	264.0	281.1
UAB Medicinos bankas	631.8	947.4
AB Citadele bankas	289.5	393.2
Swedbank, AB	368.0	349.0
Banking system	252.1	254.2

Source: Bank of Lithuania.

LOAN PORTFOLIO[4]

DEVELOPMENTS IN THE LOAN PORTFOLIO

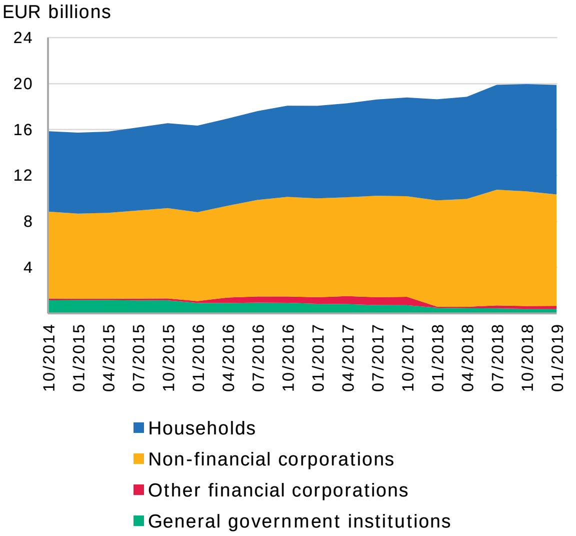
The borrowing rate remains high. While resident borrowings were increasing, the corporate borrowing rate was not consistent due to the conclusion or expiry of individual large-scale loan agreements. Over the last quarter of 2018, the net value of the loan portfolio slightly dropped (by €73 million, or -0.4%) and amounted to €19.9 billion, yet annual growth remained high and stood at €1.3 billion (6.7%). This was related to notably lower corporate loans, as the net value of the corporate loan portfolio declined by €289 million (-2.9%) and comprised €9.7 billion at the end of the year. Corporate loans constitute nearly half (48.8%) of all loans, however, unlike for housing loans, growth in the net value of the corporate loan portfolio is strongly affected by loans granted to or repaid by individual businesses. This quarter was no exception, as a significant share of the decrease in the net value of corporate loans witnessed over the quarter resulted from the amortisation of just a few loans. Growth in household loans, which constitute the remaining half (48.0%) of the loan portfolio, continued to be strong. Compared to the third quarter, household borrowing went up by €201 million (2.1%), increasing by €739 million (8.4%) year on year, to €9.5 billion. Housing loans constitute the largest share of the household loan portfolio (79%). Over the last quarter, their net value rose by €169 million (2.3%), increasing by €547 million (7.8%) year on year, to stand at €7.55 billion. The annual growth trend of housing loans continues, which suggests that the housing market is still active and the economic conditions are favourable. Over the last quarter, the net value of the portfolio of loans to other financial corporations rose by €12 million (4.8%), increasing by €158 million (161.8%) year on year, to €256 million. The net value of the

[4] Including the leasing portfolio.

general government loan portfolio grew by €3 million (0.9%), a year-on-year decrease of €93 million (19.1%), and totalled €393 million at the end of the year.

Chart 6. Net value of the bank loan portfolio

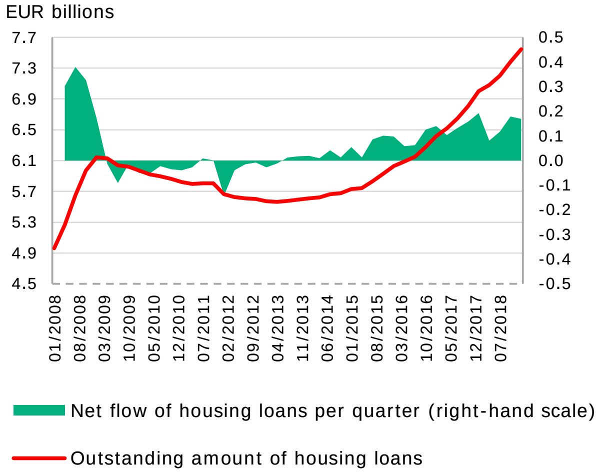
(1 October 2014–1 January 2019)



Source: Bank of Lithuania.

Chart 7.Net value of the housing loan portfolio

(1 January 2008–1 January 2019)



Source: Bank of Lithuania

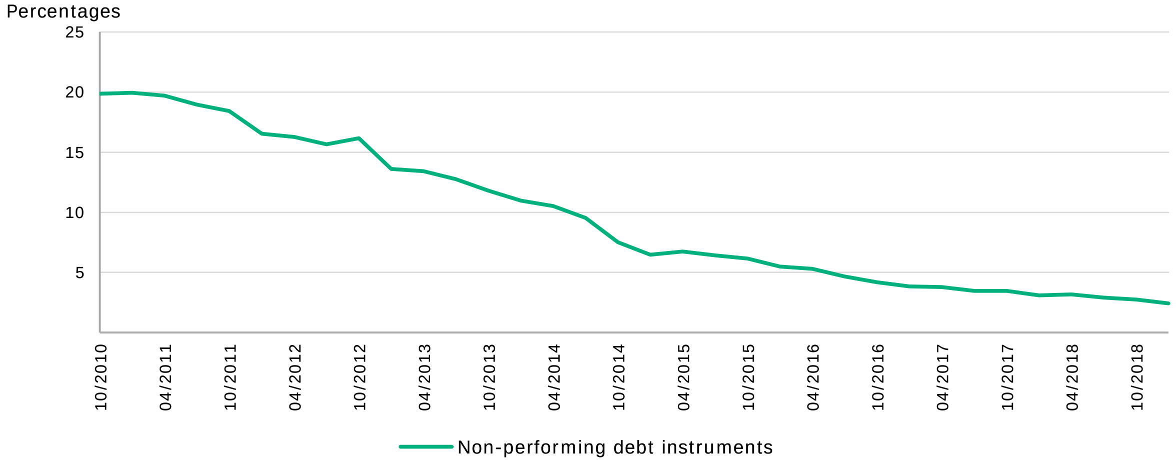
In view of growth in lending and the cyclical nature of the sector, the Bank of Lithuania applies macroprudential measures. Where profitability of banks is high, it would be practical to set aside part of profits for harder times. To ensure this, the Bank of Lithuania reviews the CCyB requirement each quarter.

QUALITY OF THE LOAN PORTFOLIO

Due to favourable circumstances, the share of non-performing loans continued to decline. In 2018, the share of non-performing debt instruments decreased by 0.61 percentage point to 2.44%, and the outstanding amount of such loans was 15% lower than at the end of 2017. Loan write-offs accounted for 5.9% of the outstanding amount of non-performing loans at the end of 2017. Due to the favourable economic environment, new lending, and with banks dealing with distressed loans, the outstanding amount of non-performing loans granted to households and businesses over 2018 contracted by 0.7 and 1 percentage point respectively, to account for 3.0% and 4.1% of the total value of respective loan portfolios. The outstanding amount of household loans past due for more than 90 days contracted by 0.7 percentage point, to account for 1.6% of the total value of loans granted to households at the end of the year. Similarly, the outstanding amount of past due corporate loans fell by 0.8 percentage point, to 2.1% of the corporate loan portfolio. The loan impairment ratio (specific provisions to the total loan value) declined by 0.3 percentage points over the year, to 1.2% (the ratio of corporate loans amounted to 1.4%, of household loans – 1%), while the non-performing loan specific provision coverage ratio decreased by 4.7 percentage points and stood at 26.1% at the end of the year.

Chart 8. Loan quality

(1 October 2010–1 January 2019)



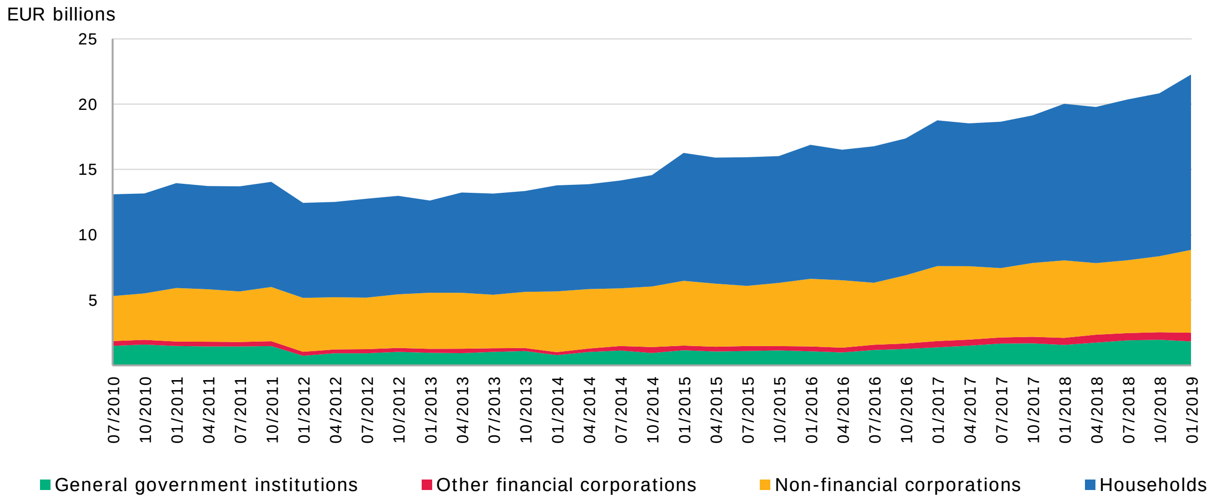
Source: Bank of Lithuania.

DEPOSITS WITH BANKS

The amount of deposits continued to rise amid growth in resident income and the loan portfolio. Over the last quarter, customer deposits with banks increased by €1.4 billion (6.9%), to €22.3 billion. Annual growth amounted to €2.2 billion (11.2%). Over the first three quarters of 2018, the amount of consumer deposits rose by €801 million, while in the last quarter alone the increase was substantially bigger. Such rapid growth might be explained by the patterns common to the end of each year, whereby businesses make settlements with their suppliers, transfer salaries and bonuses to their employees before the new year starts, etc. In absolute terms, household deposits increased the most over the last quarter and the entire year – by, respectively, €1.0 billion (7.6%) and €1.4 billion (12.0%). Likewise, corporate deposits also took an upward trajectory – at the end of 2018, corporate deposits with banks amounted to €6.3 billion, up by €0.5 billion (9.0%) from the third quarter and by €0.4 billion (6.9%) on a year-on-year basis. At the end of 2018, corporate deposits accounted for 28.5% of all deposits, household deposits – 60%. In Lithuania, deposits serve as the main source of financing banking activities. Although low interest rates discourage from fixed-term deposits and current accounts prevail in the country, the long-term deposit growth trend shows that these factors do not ignite instability in deposit growth. Growth in deposits is stimulated by increasing household and corporate income as well as bank crediting processes, which multiply the money supply within the banking system. Over the last quarter, deposits of other financial institutions increased by €91 million (15.8%), to €665 million. Over the same quarter, the amount of general government deposits dropped by €128 million (-6.5%), to €1.8 billion. In view of the annual changes, it should be noted that growth in the amount of deposits was witnessed in both customer segments: €268 million (17.1%) for general government institutions and €125 million (23.0%) for other financial institutions.

Chart 9. Amount of deposits

(1 July 2010–1 January 2019)



Source: Bank of Lithuania.

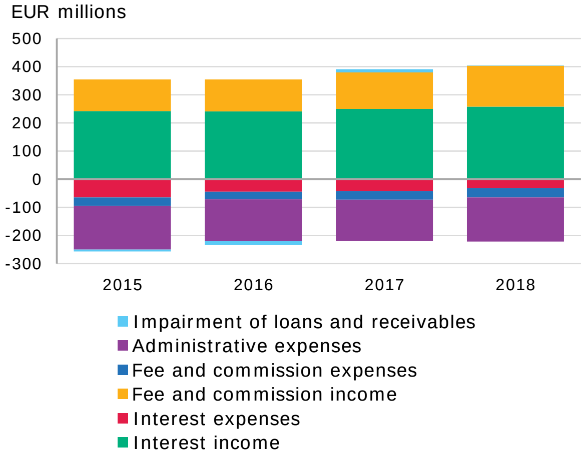
PROFITABILITY AND OPERATIONAL EFFICIENCY

Banks earned the greatest profit since the economic recession. In 2018, banks and foreign bank branches operating in Lithuania earned €357.9 million, bringing in the largest profit since the 2009 economic downturn. Compared to 2017, their profit increased by €118.2 million (49.3%). All market participants, except for one foreign bank branch, operated at a profit. The main sources of income remained the same as before: since the core business line of banks operating in Lithuania is mainly crediting, lending activities yielded the most income. Net interest income generated the main bulk of net operating income (62%), while net fee and commission income accounted for 30% of net operating income. Unlike in 2016 and 2017, a new trend has appeared in the banking sector – administrative expenses started to pick up. Over the last few years it has been quite clear that banks reduced their administrative costs as they continued improving operational efficiency. It appears that labour market developments related to wage growth made an impact on banks' expenses. The change in banks' personnel-related expenses accounted for nearly 60% of the overall growth in administrative expenses.

All the abovementioned factors, namely net interest income, net fee and commission income, and administrative expenses, contributed €58.6 million to the total increase of €118.2 million in profit. It is also noteworthy that in 2018 banks earned €41.6 million more revenue from assets held for trading and €16.0 million more revenue from the reversal of loans and amounts receivable. In addition, in 2017 the banking sector was affected by one-off factors, due to which the comparable profit base of the last year was nearly €43.0 million lower. A year ago, banks' profit was affected by the merger of AB DNB bankas and Nordea Bank AB, leading to higher-than-usual expenses of provisions.

Chart 10. Annual change in the main items of income

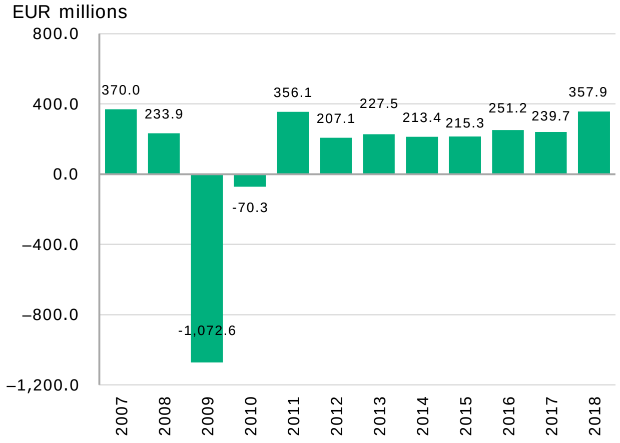
(2015–2018)



Source: Bank of Lithuania.

Chart 11. Profit of the banking sector

(2007–2018)



Source: Bank of Lithuania.

The rise in net interest income stems from lending activities and shrinking expenses. In 2018, banks' net interest income amounted to €469.5 million, increasing by €64.9 million (16.0%) year on year. This was mainly a result of increasing revenue from lending activities, as well as further decline in interest expenses. At the end of the year, interest revenue amounted to €535.6 million, increasing by €57.2 million (12.0%). Interest expenses amounted to €66.2 million, declining by €7.7 million (-10.4%). The increase in interest income was driven by the rising volume of bank credit activities, while banks' interest expenses have not been picking up for quite some time given the environment of low interest rates, the previous reduction of the insurance premium rate for deposits, as well as sufficient financing sources, since banks have no difficulty in attracting new customer deposits.

Banks generated more fee and commission income. In 2018, net fee and commission income amounted to €227.0 million and was €22.5 million (11.0%) higher than a year ago. This was mainly the result of higher income, yet respective expenditure also picked up over 2018, albeit at a more modest rate than income. Fee and commission income amounted to €299.2 million, increasing by €34.2 million (12.9%), while expenses amounted to €72.2 million, increasing by €11.7 million (19.4%).

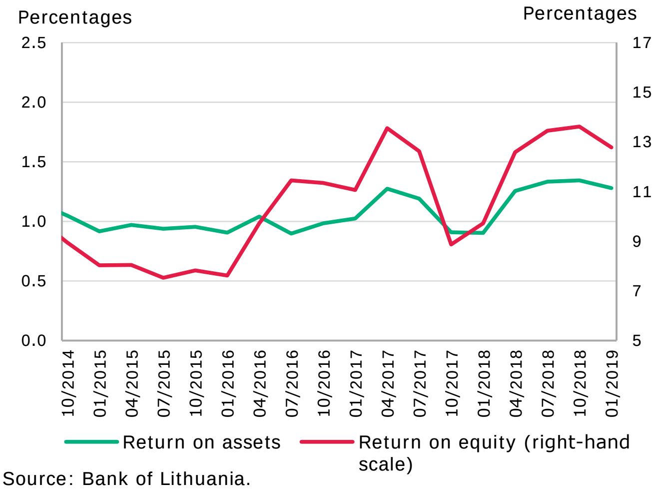
Administrative expenses rose due to higher personnel-related expenses and other costs. In 2018, administrative expenses of the banking sector amounted to €321.4 million and were €28.8 million (9.8%) higher than a year ago. To some extent, the last several years have seen stabilisation, or even decline, of expenses, stemming from the enhancement of management structures and optimisation of business activities. In 2018, however, banks failed to withstand the pressure of expenses, driven, among other factors, by increasing wages in the country. Both personnel-related expenses and other administrative expenses took an upward trend. In 2018, personnel-related expenses amounted to €184.2 million, other expenses – to €137.1 million. During the period, their growth rate was similar and stood at, respectively, 10.0% (€16.7 million) and 9.6% (€12.1 million).

Bank efficiency continues to be among the highest in the European Union. Regardless of the increase in administrative expenses, amid rising revenue, the efficiency of the Lithuanian banking system is still relatively high. It should also be taken into account that banks' profitability in 2017 was dampened by the merger of AB DNB bankas and Nordea Bank AB, as well as growth in provisions. In 2018, the efficiency indicator of banks, which shows their cost-to-income ratio, stood at 44.9%, dropping by 4.1% over the year. The efficiency of Lithuanian banks is among the highest in the European Union. The European Banking

Authority's comparative figures for the third quarter of 2018 (see Chart 14) show that, in terms of banks' operating efficiency, Lithuania was outperformed only by three EU countries. In 2018, return on assets increased by 0.4 percentage point year on year, to 1.3%, while return on equity surged by 3.1 percentage points, to 12.8%.

Chart 12. Bank profitability ratios

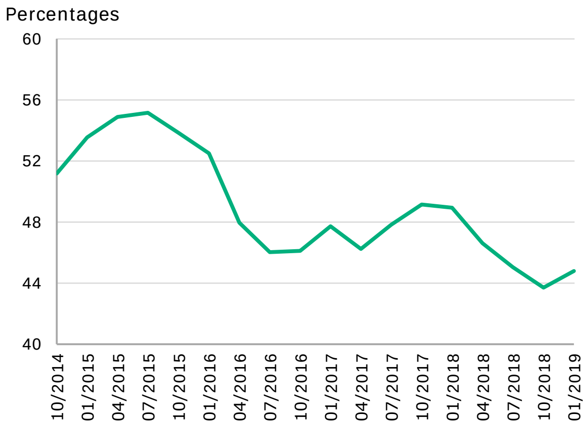
(1 October 2014–1 January 2019)



Source: Bank of Lithuania.

Chart 13.Bank efficiency indicator (cost-to-income ratio)

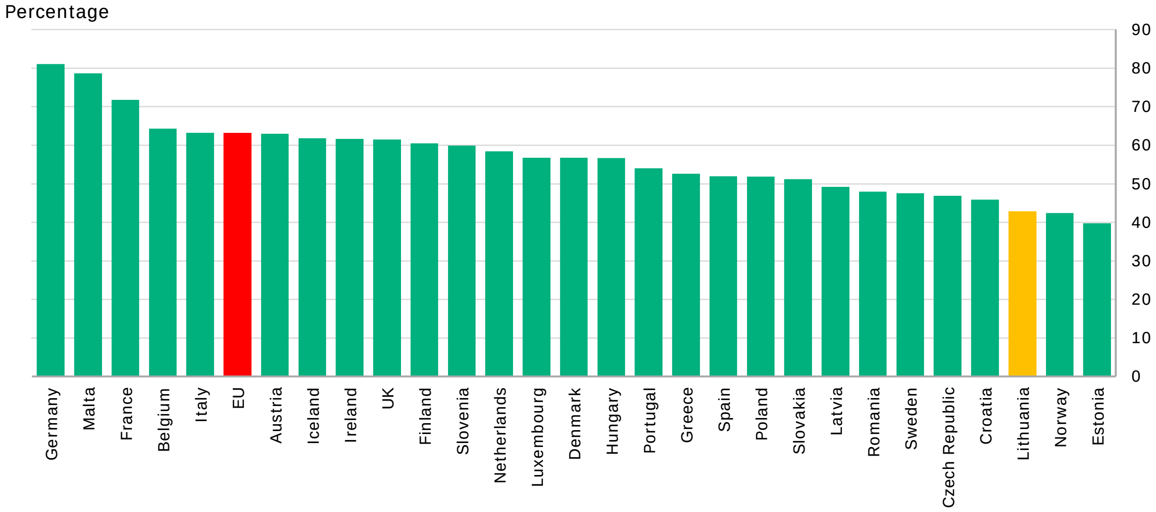
(1 October 2014–1 January 2019)



Source: Bank of Lithuania.

Chart 14.Bank efficiency indicator (cost-to-income ratio)

(Q3 2018)



Source: EBA risk dashboard.

REGULATORY ENVIRONMENT

PROTECTION OF CONSUMER RIGHTS

In the fourth quarter of 2018, as throughout 2018, most of consumer disputes were related to the provision of crediting and payment services. In most cases, consumers requested recommendations for banks not to apply administrative fees and refund funds that, in their opinion, were written-off without any grounds, as well as to withdraw the requirements imposed on consumers to fulfil their debt obligations.

Reflecting on the trend observed throughout 2018, the overall number of consumer disputes with banks remained stable. In the fourth quarter of 2018, the Bank of Lithuania examined 21 consumer disputes with banks, which accounted for 15% of all consumer and financial market participant disputes. Compared to the same period in 2017, the Bank of Lithuania examined 1 dispute less. 7 consumer disputes with banks were settled by making decisions on the substance of consumer disputes with banks: 1 consumer claim was partly satisfied, and the remaining 6 were found to be unsubstantiated. Almost a quarter (4 out of 21) of all disputes examined during the period under review ended in banks satisfying consumer claims or in parties reaching a peaceful settlement.

ANNEX. KEY INDICATORS OF THE BANKING SECTOR[5]

Table 4. Main items of the balance sheet statement

No.	Indicator	01/01/2018 EUR millions	01/10/2018 EUR millions	01/01/2019 EUR millions	Quarterly change, %	Annual change, %
1.	Assets	27,323.8	27,338.0	28,620.3	4.7	4.7
1.1.	Debt securities	1,427.6	1,422.1	1,300.9	-8.5	-8.9
1.2.	Equity securities	37.6	41.4	40.6	-1.9	8.0
1.3.	Financial derivatives	70.3	79.0	82.8	4.8	17.9
1.4.	Cash	467.6	434.8	492.7	13.3	5.4
1.5.	Funds with central banks	4,983.2	4,008.6	5,978.3	49.1	20.0
1.6.	Funds with credit institutions	1,379.6	1,077.0	545.3	-49.4	-60.5
1.7.	Loans to customers (incl. leasing)	18,640.3	19,964.8	19,891.7	-0.4	6.7
1.7.1.	to general government agencies (incl. leasing)	485.4	389.3	392.7	0.9	-19.1
1.7.2.	to other financial corporations (incl. leasing)	97.7	244.1	255.9	4.8	161.8
1.7.3.	to non-financial corporations (incl. leasing)	9,252.3	9,988.5	9,699.6	-2.9	4.8
1.7.4.	to households (incl. leasing)	8,804.9	9,342.9	9,543.6	2.1	8.4
1.7.4.1	o/w loans for house purchase	7,000.8	7,378.1	7,547.5	2.3	7.8
1.8.	Other asset positions	317.8	310.3	288.0	-7.2	-9.4
2.	Liabilities and equity	27,323.8	27,338.0	28,620.3	4.7	4.7
2.1.	Deposits of central banks	303.0	172.9	188.9	9.3	-37.7
2.2.	Liabilities to credit institutions	3,982.8	2,969.7	2,649.5	-10.8	-33.5
2.3.	Financial derivatives	67.3	65.9	81.9	24.2	21.6
2.4.	Deposits	20,034.6	20,836.0	22,274.9	6.9	11.2
2.4.1.	of general government agencies	1,566.3	1,961.7	1,834.1	-6.5	17.1
2.4.2.	of other financial corporations	540.5	574.5	665.1	15.8	23.0
2.4.3.	of non-financial corporations	5,934.3	5,823.2	6,345.0	9.0	6.9
2.4.4.	of households	11,993.5	12,476.6	13,430.6	7.6	12.0
2.5.	Debt securities issued	20.5	22.2	22.2	-0.2	8.0
2.6.	Other positions of liabilities	351.0	634.7	653.8	3.0	86.3
2.7.	Equity	2,564.6	2,636.5	2,749.1	4.3	7.2

Source: Bank of Lithuania.

[5] Should system participants adjust their statements, the data of the review may be revised.

Table 5. Main items of the profit (loss) account

No.	Indicator	01/01/2018 EUR millions	01/10/2018 EUR millions	01/01/2019 EUR millions	Quarterly change, %	Annual change, %
3.	Profit for current year	239.7	275.4	357.9	–	49.3
3.1.	Net interest income	404.6	346.8	469.5	–	16.0
3.2.	Net income from fees and commis-sions	204.5	169.1	227.0	–	11.0
3.3.	Administrative expenses	292.6	232.9	321.4	–	9.9

Source: Bank of Lithuania.

Table 6. Other performance indicators

No.	Indicator	01/01/2018 %	01/10/2018 %	01/01/2019 %	Quarterly change, p.p.	Annual change, p.p.
4.	Capital adequacy ratio	19.1	18.8	18.6	-0.2	-0.5
5.	CET1 capital adequacy ratio	18.8	18.5	18.4	-0.1	-0.3
6.	Liquidity coverage ratio	257.0	252.1	254.2	2.1	-2.8
7.	Leverage ratio	8.1	8.3	8.0	-0.3	-0.1
8.	Net interest margin	1.5	1.7	1.7	0.0	0.2
9.	Return on assets	0.9	1.3	1.3	0.0	0.4
10.	Return on equity	9.7	13.6	12.8	-0.8	3.1
11.	Cost-to-income ratio	49.0	43.7	44.9	1.2	-4.1
12.	Non-performing debt instruments	3.1	2.7	2.4	-0.3	-0.6

Source: Bank of Lithuania.