LIETUVOS BANKAS
EUROSISTEMA

Activities of financial market participants

Banking Activity Review

2019

BANKING ACTIVITY REVIEW
Activities of financial market participants
2019

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The still favourable economic environment in 2019 had a positive impact on the banking sector, which saw growth both in the scope of banking activities and in the number of new participants. Banks' assets grew by 7.2%, exceeding the limit of €30 billion for the first time in history. This was attributable to the steady growth in deposits, which increased by 12.1%, or €2.7 billion, throughout the year. However, loan growth lost momentum due to reducing corporate lending. In addition to three new specialised banks licensed in 2018, two more specialised bank licences and one banking licence were issued in 2019. Moreover, one foreign bank branch started its activities. New market entrants are actively preparing to begin their operations, so far competing very marginally with market incumbents. Consequently, market sharing remained broadly unchanged and market concentration remains very high due to the dominance of the three largest banks. In 2019, banks' profit slightly declined as a result of lower profits of banks under reorganisation. All banks operating in Lithuania complied with their prudential requirements by a large margin.

BANKING SECTOR DEVELOPMENTS

As at 1 January 2020, ten banks held a banking or a specialised bank licence in Lithuania, while eight banks operated as a foreign bank branch. Currently, the Bank of Lithuania, together with the European Central Bank (ECB), is examining two more applications for a specialised bank licence.

In 2019, three new banks were granted banking licences. Specialised bank licences were issues to UAB General Financing, a Swedish capital company, and AB Fjord Bank, a Norwegian capital company. A banking licence was also granted to PayRay UAB, an Italian capital company. Somewhat earlier (at the end of 2018) specialised bank licences were also issued to Mano unija, the country's largest credit union that established AB Mano bankas, Revolut Technologies UAB, a global financial technology (FinTech) company providing payment and other services, and European Merchant Bank UAB. New start-up banks intend to provide such services as consumer loans, leasing, loans to small and medium-sized businesses, and acceptance of deposits. Specialised banks are linked to the development of FinTech. They are also expected to help reduce market concentration (which is one of the largest in Europe), boost competition to the benefit of consumers and increase the attractiveness and availability of services. However, out of all banks holding a specialised bank licence, only AB Mano bankas is engaged more actively in banking activities. In the meantime, other banks are gearing up to start to actively provide banking services.

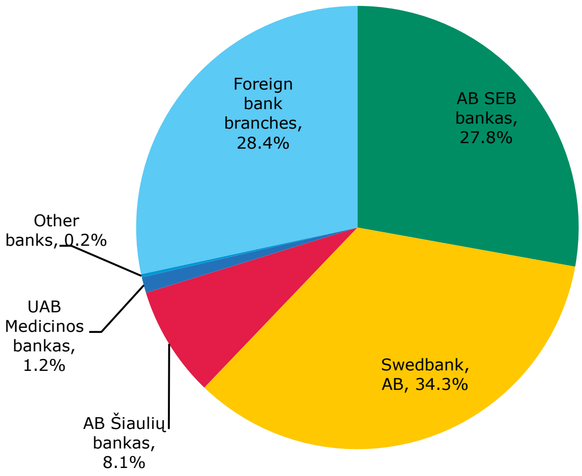
At the end of 2019, AS Inbank filialas, a branch of the Estonian bank, started its operations; it has already been accepting deposits and providing lending services. The branch commenced its activities following the acquisition of the public limited liability company Mokilizingas.

At the beginning of 2019, the process of reorganising Luminor Bank AB and AB Citadele bankas into branches was completed. Following the completion of the consolidation process of Luminor Bank AB, its Lithuanian licence was revoked in January 2019. Starting from 2019, its activities have been carried on by the Lithuanian branch of Luminor Bank AS, headquartered in Estonia. Moreover, the licence of AB Citadele bankas was also revoked at the beginning of 2019. The bank continues to operate as the Lithuanian branch of its Latvian parent company AS Citadele banka. The reorganisation of both banks shows their efforts to enhance their management efficiency and optimise costs. The major resulting changes are as follows: the Bank of Lithuania no longer carries out direct prudential supervision of these two banks and customer deposits held with the newly-established branches are insured under the Estonian and Latvian deposit insurance scheme respectively.

Notwithstanding the increase in the number of market participants, the banking sector remains concentrated. The largest banks – AB SEB bankas and Swedbank, AB – share 62.2% of the total market, a slight increase over the year. Foreign bank branches account for 28.4% of the total market, with the

Lithuanian branch of Luminor Bank AS securing the largest share. Looking ahead, new market participants are expected to contribute to reducing concentration.

Chart 1. Banks and foreign bank branches that operated in Lithuania in 2019 by assets



Source: Bank of Lithuania.

Table 1. New entrants and participants that left the banking sector in 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
UAB General Financing	Licence granted
AB Fjord Bank	Licence granted
PayRay UAB	Licence granted
AS Inbank filialas	New branch
Scania Finans Aktiebolag Lithuania branch	Activities ceased
Telia Finance AB Lithuania branch – Telia Finance Lietuva	Activities ceased

Source: Bank of Lithuania.

Since 1 January 2020, the direct prudential supervision of AB Šiaulių bankas has been taken over by the ECB. Given that Luminor Bank AB started operating as the Lithuanian branch of Luminor Bank AS in 2019, AB Šiaulių bankas became the third largest bank in Lithuania. Consequently, as of 1 January 2020, AB Šiaulių bankas is under the ECB's direct supervision, along with Swedbank, AB, and AB SEB bankas, which have already been supervised by the ECB. Experts from the Bank of Lithuania are involved in the prudential supervision of these banks as members of the ECB's joint supervisory teams.

ASSETS AND LIABILITIES

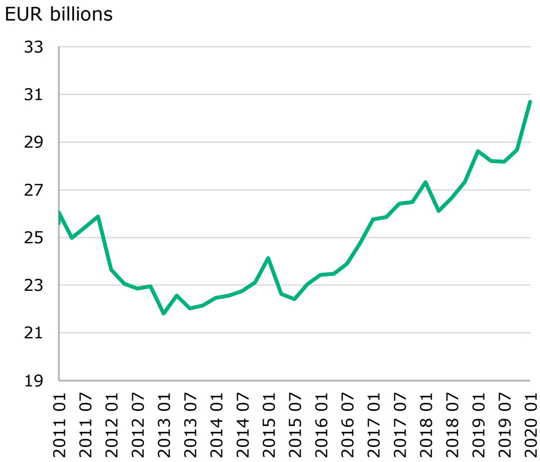
Growth in banks' assets continued its upward trend, exceeding the limit of €30 billion for the first time in history. At the end of 2019, banks' assets stood at €30.7 billion[1], having increased by €2.1 billion (7.2%) year on year, with almost all growth recorded in the fourth quarter of 2019 (€2 billion, or 7%). This was underpinned by a surge in customer deposits at the end of the year. Since banks were not yet able to employ them, last year the item on the asset side of the banks' balance sheets showing the highest growth was that of funds with the central bank, which increased by €1.2 billion. At the end of 2019, the total amount of funds held by banks with the central bank was €7.2 billion. Another €0.9 billion was held as funds with credit institutions or as cash. Thus, more than a quarter of banks' assets consisted of liquid funds held as cash or funds with the central bank or other credit institutions, an increase of 1.9 percentage points year on year.

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

This shows that banks still encounter excess liquidity. The main bulk of banks' assets, at 66.6%, was comprised of loans, although their share contracted rather significantly (2.9 percentage points) over the year for the above reason that the major portion of asset increases was related to the fact that funds were kept with the central bank. The share of debt securities in assets remained basically unchanged and accounted for 4.6% at the end of the year.

Chart 2. Assets of the banking sector

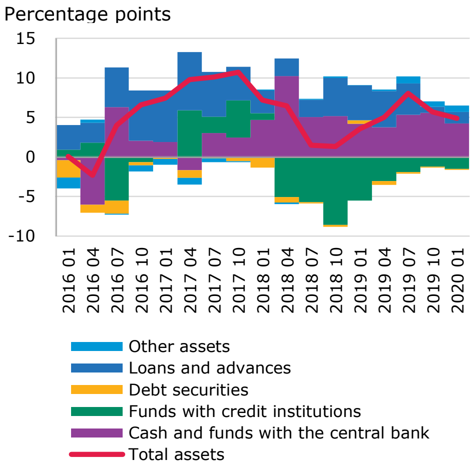
(1 January 2011–1 January 2020)



Source: Bank of Lithuania.

Chart 3. Contributions to asset growth

(1 January 2016–1 January 2020)



Source: Bank of Lithuania.

Growth in liabilities was led by a record increase in customer deposits. Banks' liabilities increased by €2.7 billion, or 10.4%, over the year, to €28.6 billion. Customer deposits comprised the main bulk of banks' liabilities (87.4%) and thus were the main driver of their growth (see more in section *Deposits with banks*). Amid increasing bank funding from deposits, banks reduced their liabilities to credit institutions by €1.1 billion, to €1.6 billion. Banks' liabilities to credit institutions currently account for only 5.5% of total liabilities.

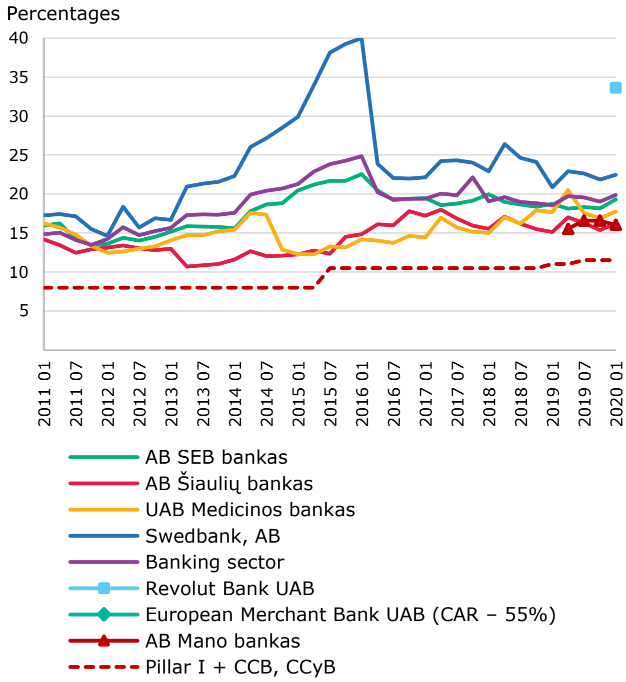
COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

In 2019, banks strengthened their resilience to potential losses by consolidating their capital positions. The capital adequacy ratio of banks increased from 18.6% to 19.9%. Banks operating in Lithuania predominantly have capital instruments of the highest quality; therefore, their common equity tier 1 capital (CET1) ratio stood at 19.5% as at 1 January 2020.

With regard to the dynamics of banks' capital base, it should be noted that it significantly shrank during 2019; however, this reduction was brought about by the restructuring of Luminor Bank AB and AB Citadele bankas into branches: foreign bank branches are not required to hold capital, and their operational risk is covered by capital of their headquarters. With the influence of these banks excluded, the capital base of banks operating in Lithuania expanded by 9.3% in 2019, to €1.7 billion. It was mainly increased by including part of operating profits for 2018, while one bank issued subordinated bonds. The capital requirement increased at a more moderate pace (3.7%) due to slower growth in the loan portfolio, leading to improving capital adequacy ratios.

Chart 4. Capital adequacy ratios of banks

(1 January 2011–1 January 2020)



Source: Bank of Lithuania.

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

(1 January 2019–1 January 2020)

	01/01/2019	01/01/2020	Requirement, %
	actual ratio, %		
Swedbank, AB	20.9	22.5	Set by the ECB
AB SEB bankas	18.7	19.3	Set by the ECB
AB Šiaulių bankas	15.1	16.2	13.4
UAB Medicinos bankas	17.7	17.8	13.7
Revolut Bank UAB	-	33.6	11.5*
European Merchant Bank UAB	-	55	11.5*
AB Mano bankas	-	16.0	11.5*
Banking system	18.6	19.9	-

Source: Bank of Lithuania.

Notes: The above capital requirements include Pillar I, Pillar II and combined capital buffer requirements. 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.

*Pillar II requirements for banks that started their activities in 2018-2019 will be set for the first time in 2020.

At the end of 2019, all banks complied with their minimum capital adequacy requirements, as indicated in Table 2. They are currently subject to the Pillar I minimum capital adequacy requirement (8.0%), the Pillar II additional capital requirement, which is set on an individual basis, and the combined capital buffer requirement. The latter is currently comprised of the capital conservation buffer requirement (2.5%), the countercyclical capital buffer requirement (1.0%), and the other systemically important institution buffer requirement (0.5-2.0%).

Since 31 December 2018, banks holding positions in Lithuania had been obliged to accumulate a countercyclical capital buffer (CCyB). Taking into account the economic situation, the Bank of Lithuania reviews the CCyB rate on a quarterly basis and has already increased it twice. Since 30 June 2019, banks operating in Lithuania have been subject to a 1% CCyB rate. Set in view of the prevailing financial and economic trends, the CCyB requirement is intended to ensure that the banking system accumulates sufficient capital to be able to cover potential losses in case of cyclical systemic risk or during periods of economic downturn or stress. In response to economic challenges posed by the coronavirus (COVID-19), the Bank of Lithuania reduced the CCyB rate for banks to 0%, thus permitting them to make full use of the accumulated capital. The reduced rate will come into effect on 1 April 2020.

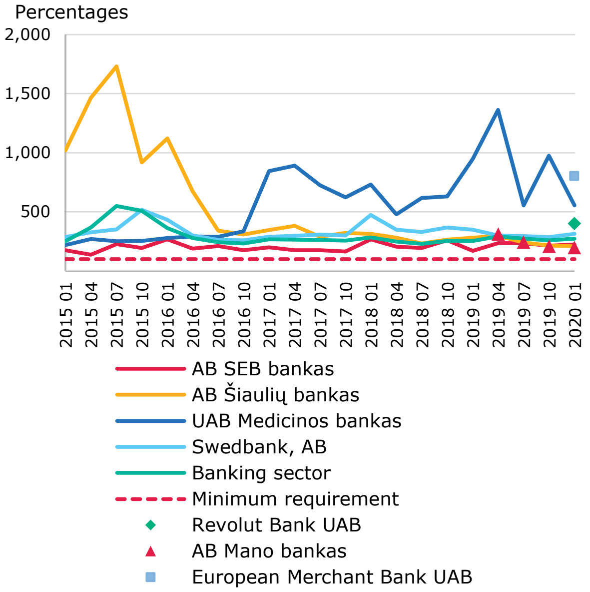
As is its practice, at the end of 2019, the Bank of Lithuania also reviewed the rates of the capital buffers of systemically important institutions. These include AB SEB bankas, Swedbank, AB, and AB Šiaulių bankas. The rate of 2.0% remained valid for AB SEB bankas and Swedbank, AB, the rate of 0.5% – for AB Šiaulių bankas (1.0% as of 31 December 2020).

In 2019, the liquidity level of banks remained high, while their liquid assets increased. Amid still weak alternative investment opportunities, the main funding source for banks, namely resident and corporate deposits, continued to grow, thus ensuring their strong liquidity position. The dependence of banks operating in Lithuania on interbank market financing decreased as major banks reduced their debt to parent institutions.

In 2019, the average price of deposits of residents and non-financial corporations, which constitute the largest share of customer deposits, remained broadly unchanged and was overall small.

A steadily low price of the main funding sources and a steady increase in deposits enable banks to maintain their liquidity buffer well above the set minimum requirement. Due to banks' substantial liquidity buffers, the key indicator reflecting their liquidity situation, namely the liquidity coverage ratio (LCR), increased from 254% to 272% over the year and was more than twice above the minimum requirement of 100% (see Table 3).

Chart 5. Liquidity coverage ratios of banks
(1 January 2015–1 January 2020)



Source: Bank of Lithuania.

Table 3. Liquidity coverage ratios of banks

	01/01/2019	01/01/2020
Swedbank, AB	349.0	314.2
AB SEB bankas	170.3	223.5
AB Šiaulių bankas	281.1	206.1
UAB Medicinos bankas	947.4	554.6
Revolut Bank UAB	-	397.4
European Merchant Bank UAB	-	800.0
AB Mano bankas	-	196.2
Banking system	254.2	272.4

Source: Bank of Lithuania.

LOAN PORTFOLIO[2]

DEVELOPMENTS IN THE LOAN PORTFOLIO

The growth rate of the banks' loan portfolio has been slowing down. Residents continued to borrow actively, especially for house purchase, while corporate lending was markedly subdued. In 2019, the net value of the loan portfolio increased by €559 million (2.8%), to €20.5 billion. Loans to residents constituting the largest share of bank loans (49.3%) grew by €0.5 billion, to €10.1 billion. This was driven by growth in housing loans, which increased by €0.6 billion (8.4%), to €8.2 billion.[3] The results suggest that the housing market remains active and economic conditions are favourable. Other loans to residents increased by €146 million (7.8%)[4], to €2 billion. Meanwhile, another important element of the banks' loan portfolio is corporate loans, constituting 45% of the portfolio. In 2019, these loans declined by €0.5 billion (5.2%), to €9.2 billion. It should be noted, however, that this change mainly reflects the reorganisation of Luminor

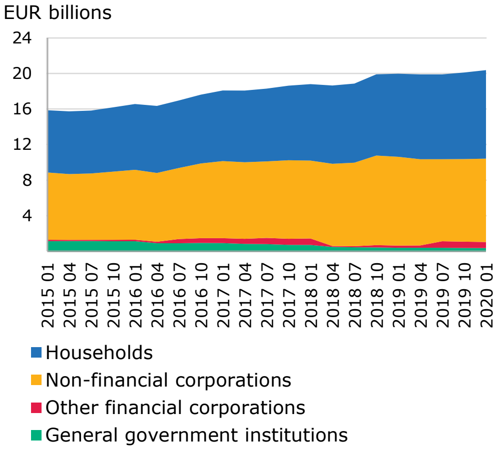
[2] Including the leasing portfolio.
[3] Data is adjusted by adding the housing loan portfolio held by Danske Bank A/S Lithuania branch, which is agreed to be sold to another market participant; it is therefore booked as held for sale and temporarily not attributed to housing loans.
[4] In order to assess the change, data as at 1 January 2019 were adjusted net of data pertaining to Luminor Lizingas UAB.

Bank AB and Danske Bank A/S Lithuania branch.[5] With the influence of Luminor Bank AB excluded and taking into account that the loan portfolio of the Danske Bank's Estonian branch was taken over by Danske Bank A/S Lithuania branch, corporate loans in net terms decreased by €100 million (1.1%) in 2019.

Loans to general government and financial institutions account for a meagre 2.5% and 3.2% of the loan portfolio respectively. In 2019, the general government loan portfolio grew by €124 million, to €0.5 billion, due to a one-off transaction (the loan portfolio of the wind-down Estonian branch of Danske Bank was taken over by Danske Bank A/S Lithuania branch). Loans to financial institutions contracted by €236.8 million, to €0.6 billion (adjusted for the influence of Luminor Bank AB).

Chart 6. Net value of the bank loan portfolio

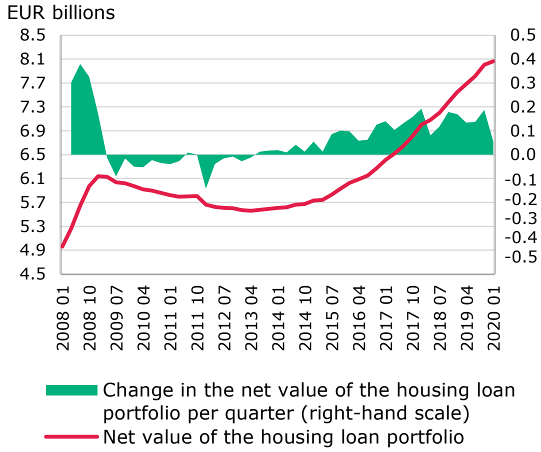
(1 January 2015–1 January 2020)



Source: Bank of Lithuania.

Chart 7. Net value of the housing loan portfolio

(1 January 2008–1 January 2020)



Source: Bank of Lithuania.

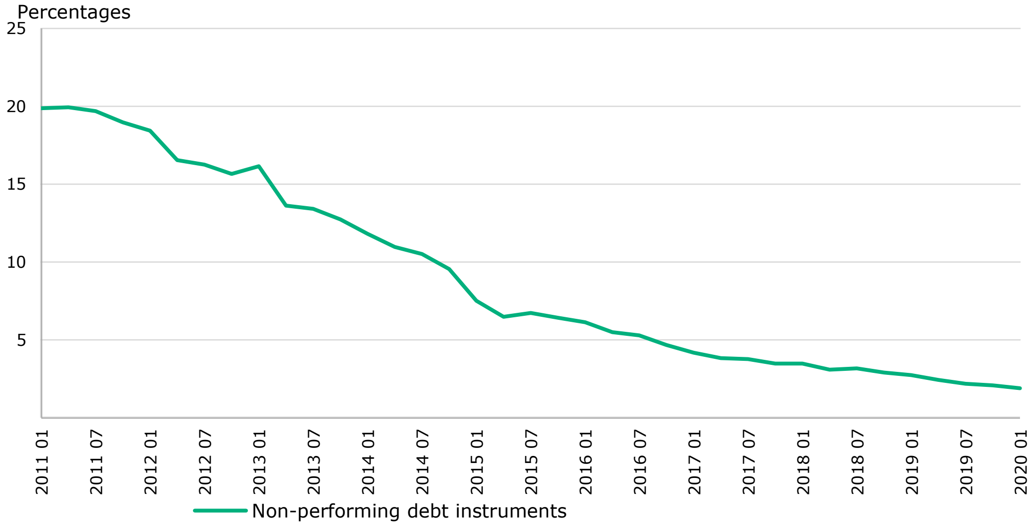
QUALITY OF THE LOAN PORTFOLIO

The share of non-performing debt instruments in the portfolio continued to gradually decline. In 2019, the share of non-performing debt instruments decreased by 0.8 percentage point, to 1.6%, while the outstanding amount of such debt instruments was 29% lower than at the beginning of the year. In an environment of a small stock of new distressed loans due to favourable economic conditions, and with banks recovering problem debts and writing-off bad loans, banks were able to reduce the outstanding amounts of non-performing loans in both legal and natural person segments. The volume of non-performing loans granted to businesses contracted by 1.1 percentage points and accounted for 2.9% (of which 47% were past due for more than one year) of the total value of this loan portfolio. In this segment, loans to small and medium-sized businesses were still of lower quality – 4.8% of them were non-performing. The share of non-performing loans granted to households contracted by 0.9 percentage point, to 2.1% (of which 55% were past due for more than 90 days). The volume of loan impairment (specific provisions) decreased by 12% over the year, but due to a faster decrease in non-performing loans their provision coverage ratio increased by 4.6 percentage points and stood at 30.7% at the end of the year.

[5] The comparative data of the loan portfolio as at 1 January 2019 included the consolidated data pertaining to Luminor Lizingas UAB. Following the reorganisation of Luminor Bank AB into a branch, data pertaining to Luminor Lizingas UAB are no longer consolidated in Lithuania. In October 2019, Danske Bank A/S Lithuania branch took over part of the loan portfolio of the Estonian branch of Danske Bank, thus fuelling growth in corporate loans and general government loans.

Chart 8. Loan quality

(1 January 2011–1 January 2020)



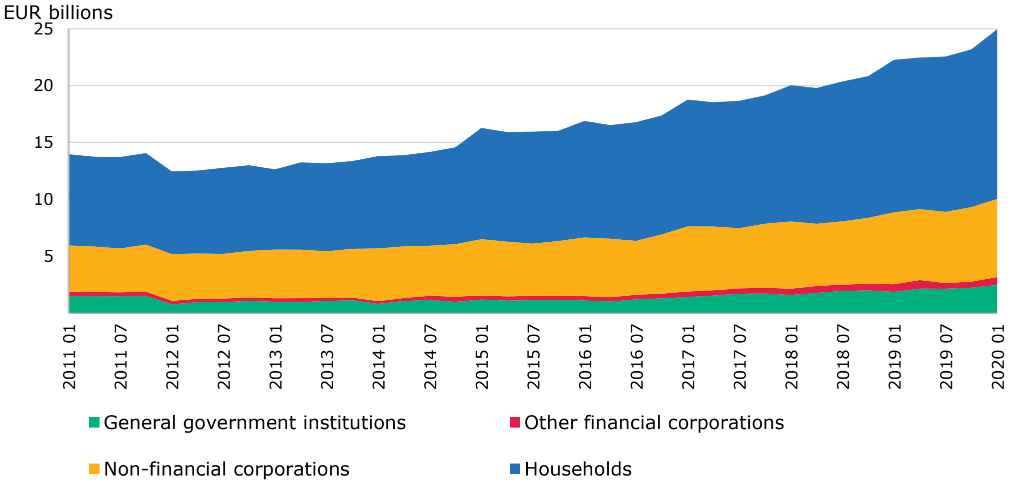
Source: Bank of Lithuania.

DEPOSITS WITH BANKS

Growth in deposits with banks remains steady, despite the fact that banks pay no interest. The annual growth rate of deposits in absolute terms was the highest in the period under review. In 2019, the amount of deposits with banks increased by €2.7 billion (12.1%), to €25 billion. Deposits continue to be the main funding source for banks operating in Lithuania. The deposit structure is dominated by resident deposits, which accounted for 59.8% of deposits, while corporate and general government deposits accounted for, respectively, 27.6% and 9.8% of total deposits. As in previous years, the increase in deposits is usually at its highest specifically in the last quarter of the year. 2019 was no exception: in the fourth quarter, deposits with banks surged by €1.8 billion (7.6%). Such rapid growth may be explained by the patterns common to the end of each year, whereby businesses make settlements with their suppliers, salaries and bonuses are paid to employees before the new year starts, etc. As in previous years, household deposits recorded the strongest growth, increasing by €1.5 billion in 2019 (€1 billion over the last quarter alone). At the end of the year, resident deposits with banks totalled €14.9 billion. Deposits in other segments grew as well: in 2019, corporate deposits increased by €0.5 billion (8.6%), to €6.9 billion, and general government deposits – by €0.6 billion (33.4%), to €2.4 billion. As much as 82% of deposits are held in current accounts on which no interest is paid or, in certain cases, even negative interest rates are applied. Although low interest rates discourage from fixed-term deposits and thus current accounts prevail in the country, the long-term deposit growth trend shows that these factors do not ignite instability in deposit growth.

Chart 9. Amount of deposits

(1 January 2011–1 January 2020)



Source:Bank of Lithuania.

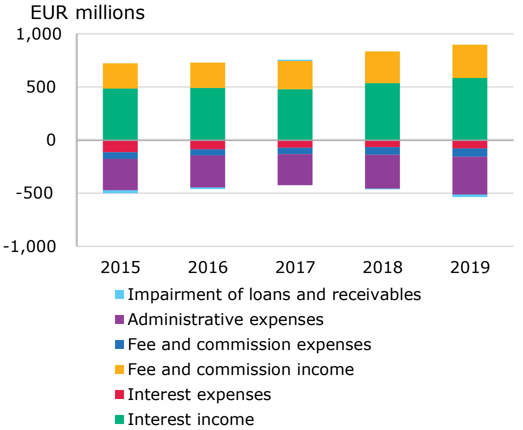
PROFITABILITY AND OPERATIONAL EFFICIENCY

Last year banks posted somewhat lower profits, compared to 2018 when record profits were earned since the onset of the crisis. In 2019, banks earned €332.7 million in profit, a year-on-year decline of 6.5% (€23.2 million) due to banks under reorganisation. In the meantime, incumbent banks not undergoing any major changes continued to increase their profit. Nine banks and foreign branches ended the year at a profit, whereas six market participants operated at a loss, predominantly either new start-up banks or wind-down market participants.

In 2019, banks increased their operating income by 7.7%. Income from all core business lines showed growth, while the income structure changed marginally. As before, the income structure was dominated by net interest income (61.1% of operating income) as the core business line of banks operating in Lithuania is crediting. Net fee and commission income accounted for 28.8%, income from trading activities – 6.1% of total operating income.

Chart 10. Annual change in main contributions to income growth

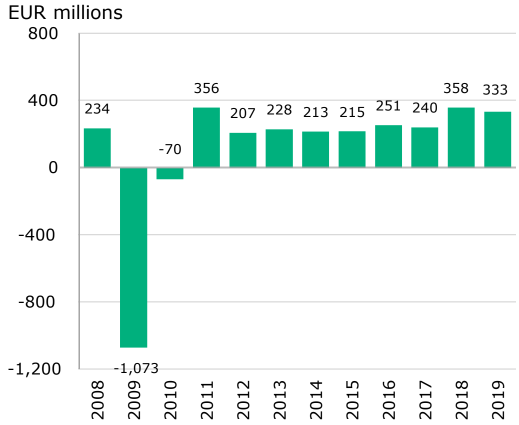
(2015–2019)



Source: Bank of Lithuania.

Chart 11. Profit of the banking sector

(2008–2019)



Source: Bank of Lithuania.

Net interest income grows on account of lending. In 2019, banks' net interest income amounted to €501.7 million, increasing by €32.2 million (6.9%) year on year. Banks were able to boost net interest income by increasing their interest income from the loan and securities portfolios by €46.4 million (8.7%). However, unlike in previous years, interest expenses rose, thus weighing on net interest income. This trend of banks incurring higher interest expenses than in the same period a year ago was observed again after a long period of time. It should be noted, however, that the increase in interest expenses (€14.2 million or 21.5%) was mainly due to negative interest paid by banks on their own funds held with the central bank or other credit institutions rather than rising interest expenses due to financial liabilities: expenses on financial liabilities grew by €4.9 million, while expenses on assets held with credit institutions rose by €10.5 million. In 2019, banks paid a total of €25.8 million in interest on their funds held with the central bank or credit institutions.

Banks generated more fee and commission income. In 2019, net fee and commission income amounted to €236.3 million and was €9.3 million (4.1%) higher than a year ago. This was mainly due to higher income, yet respective expenses also picked up in 2019. Fee and commission income amounted to €313.7 million, increasing by €14.5 million (4.9%), while expenses amounted to €77.4 million, increasing by €5.2 million (7.2%). The increase in net fee and commission income can be attributed to the growing domestic economy and thus a rising level of activity on the part of residents and businesses, as well as of the use of banking services. Moreover, increasing net fee and commission income shows that banks are able to withstand competition from a fast-growing sector of non-banks providing services that were previously offered by banks.

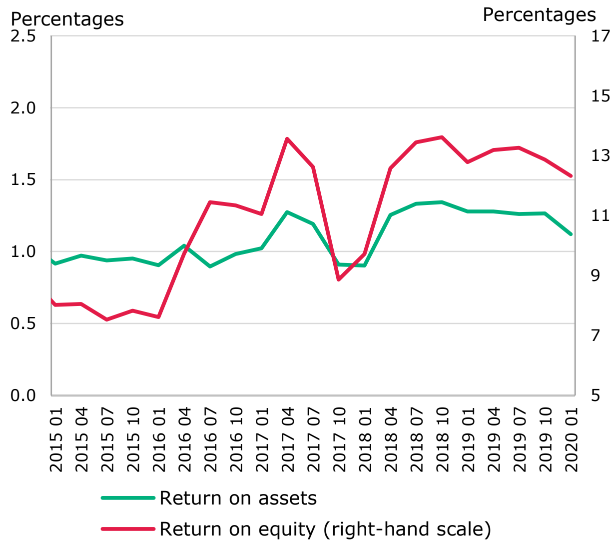
Administrative expenses rose due to higher personnel-related expenses and other costs. In 2019, banks' administrative expenses amounted to €355.5 million and were €34.1 million (10.6%) higher than a year ago. Although banks have embarked on cost reduction, they failed to withstand cost pressures for the second consecutive year, which resulted in a rather considerable increase in administrative expenses. Both personnel-related expenses and other administrative expenses took an upward trend. In 2019, the former amounted to €192.1 million (a year-on-year increase of 4.3% or €7.9 million), while the latter – to €163.4 million (a year-on-year increase of 19.1% or €26.2 million). Two market participants experienced considerable increases in other administrative expenses, bringing about recent developments in the banking sector. They were attributed to reorganisation in one bank and improvement of internal procedures and risk mitigation in another bank.

Banks' profit was also dampened by loan impairment expenses, which increased more than four times compared to 2018, to stand at €23.8 million.

Bank efficiency continues to be among the highest in the European Union. Regardless of the increase in administrative expenses and the decline in profits, the efficiency of the Lithuanian banking system is still relatively high. At the end of 2019, the efficiency indicator of banks, which shows their cost-to-income ratio, stood at 47.2%, rising (worsening) by 2.3% over the year. The European Banking Authority's (EBA) comparative figures for the third quarter of 2019 (see Chart 14) show that banks operating in Lithuania which were included in the EBA's sample were the most efficient banks in the EU banking system. In 2019, return on assets decreased by 0.15 percentage point year on year, to 1.1%, while return on equity declined by 0.4 percentage point, to 12.3%.

Chart 12. Bank profitability ratios

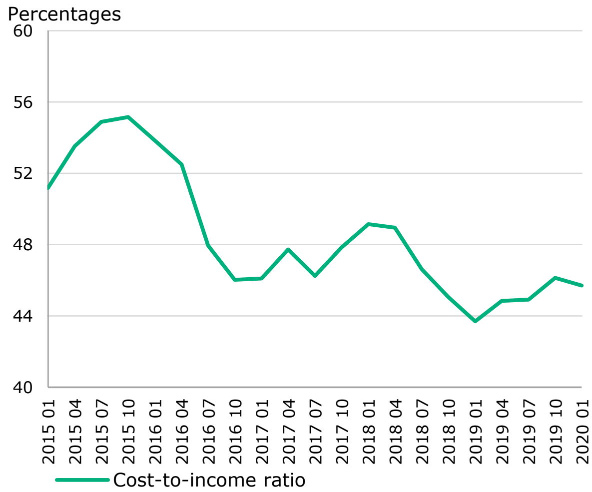
(1 January 2015–1 January 2020)



Source: Bank of Lithuania.

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

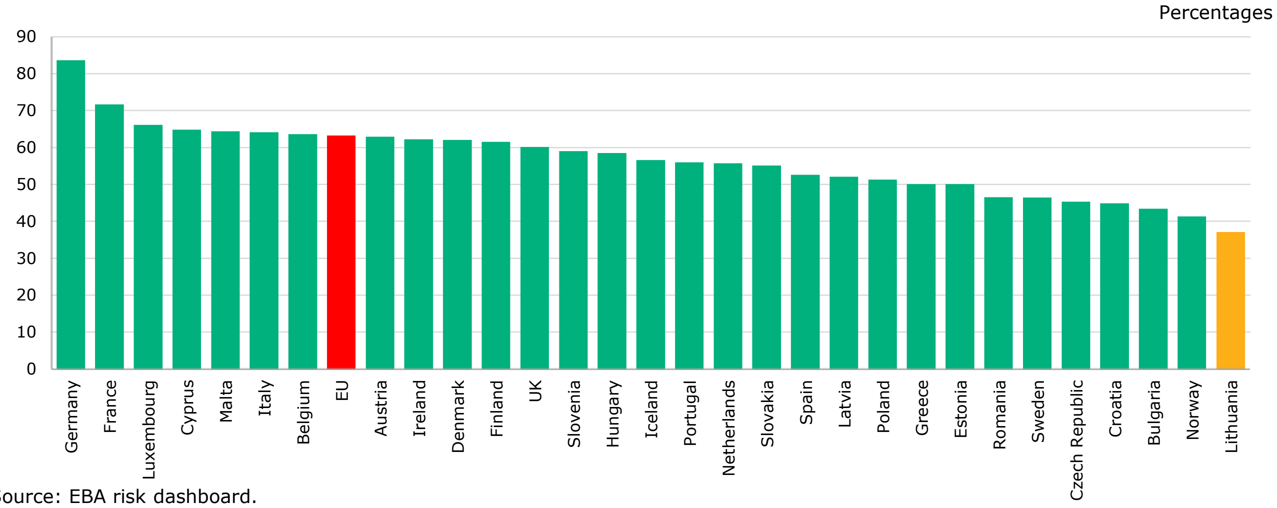
(1 January 2015–1 January 2020)



Source: Bank of Lithuania.
*Sample includes the entire banking sector.

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

(Q3 2019)



Source: EBA risk dashboard.
**Bank sample according to the EBA's metodology: 3 largest banks in the country; banks whose assets exceed €30 billion; banks whose assets exceed 20% of GDP.

PROTECTION OF CONSUMER RIGHTS

In 2019, the Bank of Lithuania examined 106 consumer disputes with banks, which accounted for 21% of all disputes settled by the Bank of Lithuania. Compared to 2018, when 86 disputes (16% of all disputes) were settled, the number of disagreements with banks increased. This was driven by an increase in the number of disputes over payment accounts and real estate-related credit agreements.

As usual, the majority of disputes were related to payment (57) and crediting (35) services: 35 consumer claims were related to payment accounts, 15 disputes concerned the use of payment cards, 21 disagreements arose over real estate-related credit, and 7 disputes concerned consumer credit agreements. This increase in disagreements over payment services can be attributed to intensive digitisation of payment services.

In their applications, consumers requested the Bank of Lithuania to recommend banks, among other things, to refund the funds that were debited upon the execution of a payment transaction or purportedly debited from their bank accounts without any grounds; to refund part of the funds that were not dispensed by ATM or not credited to their bank accounts; to refund the commission applied by the payee’s foreign bank on an international payment order. When applying in relation to crediting services, consumers often requested changes to the terms of housing credit agreements (reduction of the fixed interest rate or the margin, changes to the terms of the credit agreement, etc.) as well as recommendations to the bank to pay out the total amount of credit set in the credit agreement.

During the period under review, the Bank of Lithuania took 40 decisions on the substance of the dispute: 5 consumer claims resulted in recommendations to satisfy them in whole or in part, whereas the remaining 35 consumer claims were found to be unsubstantiated following the assessment of explanations and supporting documents provided by consumers and banks. Banks implemented 4 out of 5 recommendations issued.

It should be noted that in 2019, 16 consumer disputes with banks ended in parties reaching amicable settlements or in banks satisfying consumer claims (in 2019 – 11). This accounts for 15% of all disputes.

Annex. Key indicators of the banking sector[6]

Table 4. Main items of the balance sheet statement

No.	Indicator	01/01/2019 EUR millions	01/10/2019 EUR millions	01/01/2020 EUR millions	Quarterly change, %	Annual change, %
1.	Assets	28,620.3	28,672.7	30,685.6	7.0	7.2
1.1.	Debt securities	1,300.9	1,389.5	1,403.3	1.0	7.9
1.2.	Equity securities	40.6	124.7	129.0	3.5	217.9
1.3.	Financial derivatives	82.8	128.3	116.2	-9.5	40.3
1.4.	Cash	492.7	470.6	506.4	7.6	2.8
1.5.	Funds with central banks	5,978.3	5,127.5	7,162.4	39.7	19.8
1.6.	Funds with credit institutions	545.3	668.8	425.7	-36.4	-21.9
1.7.	Loans to customers (incl. leasing)	19,891.7	20,370.8	20,450.3	0.4	2.8
1.7.1.	to general government agencies	392.7	355.9	517.0	45.3	31.7
1.7.2.	to other financial corporations	255.9	682.8	646.7	-5.3	152.7
1.7.3.	to non-financial corporations	9,699.6	9,376.5	9,197.1	-1.9	-5.2
1.7.4.	to households	9,543.6	9,955.6	10,089.6	1.3	5.7
1.7.4.1	o/w loans for house purchase	7,547.5	8,006.8	8,062.9	0.7	6.8
1.8.	Other asset positions	288.0	392.5	492.3	25.4	71.0
2.	Liabilities and equity	28,620.3	28,672.7	30,685.6	7.0	7.2
2.1.	Deposits of central banks	188.9	57.8	47.8	-17.3	-74.7
2.2.	Liabilities to credit institutions	2,649.5	1,426.4	1,557.9	9.2	-41.2
2.3.	Financial derivatives	81.9	127.4	118.9	-6.7	45.2
2.4.	Deposits	22,274.9	23,195.7	24,963.4	7.6	12.1
2.4.1.	of general government agencies	1,834.1	2,204.6	2,446.3	11.0	33.4
2.4.2.	of other financial corporations	665.1	526.1	684.0	30.0	2.8
2.4.3.	of non-financial corporations	6,345.0	6,567.0	6,893.0	5.0	8.6
2.4.4.	of households	13,430.6	13,898.1	14,940.2	7.5	11.2
2.5.	Debt securities issued	22.2	22.2	22.2	0.0	0.0
2.6.	Other positions of liabilities	655.9	1,801.8	1,861.8	3.3	183.8
2.7.	Equity	2,747.0	2,041.3	2,113.5	3.5	-23.1

Source: Bank of Lithuania.

[6] 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	01/01/2019 EUR millions	01/10/2019 EUR millions	01/01/2020 EUR millions	Quarterly change, %	Annual change, %
3.	Current year profit	355.8	271.9	332.7	–	-6.5
3.1.	Net interest income	469.5	362.7	501.7	–	6.9
3.2.	Net income from fees and commissions	227.0	176.7	236.3	–	4.1
3.3.	Administrative expenses	321.4	247.5	355.5	–	10.6

Source: Bank of Lithuania.

Table 6. Other performance indicators

No.	Indicator	01/01/2019 EUR millions	01/10/2019 EUR millions	01/01/2020 EUR millions	Quarterly change, p.p.	Annual change, p.p.
4.	Capital adequacy ratio	18.58	19.03	19.89	0.86	1.31
5.	CET1 capital adequacy ratio	18.45	18.85	19.49	0.64	1.04
6.	Liquidity coverage ratio	254.19	258.54	272.37	13.83	18.18
7.	Leverage ratio	7.99	7.42	7.06	-0.36	-0.93
8.	Net interest margin	1.73	1.70	1.74	0.04	0.01
9.	Return on assets	1.27	1.27	1.12	-0.15	-0.15
10.	Return on equity	12.71	12.87	12.33	-0.54	-0.38
11.	Cost-to-income ratio	44.85	45.72	47.15	1.43	2.30
12.	Non-performing debt instruments	2.44	1.90	1.64	-0.26	-0.80

Source: Bank of Lithuania.