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## PRESS RELEASE

### LITHUANIA TO JOIN EURO AREA AND SINGLE SUPERVISORY MECHANISM (SSM) ON 1 JANUARY 2015

- **CONVERSION RATE OF THE LITAS IS FIXED AT 3.45280 = EUR 1**
- **LITHUANIAN BANKS WILL START TO BE SUPERVISED BY THE ECB IN 2015**
- **LITHUANIAN BANKS ARE PART OF COMPREHENSIVE ASSESSMENT**

Today the EU Council formally approved the accession of Lithuania to the euro area on 1 January 2015 and determined the euro conversion rate of the Lithuanian litas at 3.45280 to 1 (coinciding with the level of the current central rate of the litas in the exchange rate mechanism ERM II). The European Central Bank (ECB) and Lietuvos bankas agreed to monitor developments in the foreign exchange market of the Lithuanian litas against the euro until 1 January 2015.

The ECB will take over direct supervision of the biggest Lithuanian banks in January 2015 as the country is also joining the Single Supervisory Mechanism. As requested by Lietuvos bankas, Lithuania has been taking part in the comprehensive assessment of bank balance sheets along with the 18 euro countries since January 2014. This affects the three biggest credit institutions in Lithuania in terms of assets: SEB bankas, Swedbank and DNB bankas.

The comprehensive assessment is a thorough check of the balance sheets and resilience of the biggest institutions prior to the ECB taking on its supervisory tasks. The results for Lithuania will be announced as part of the disclosure for all banks in October 2014.

#### **Background notes:**

- The agreement to monitor the litas is in the context of ERM II. Participation in ERM II and observance of the normal fluctuation margins for at least the last two years is one of the convergence criteria to be fulfilled ahead of euro area accession.
- The conversion rate of the litas is set by way of an amendment to Regulation (EC) No 2866/98, which will become effective on 1 January 2015.

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