

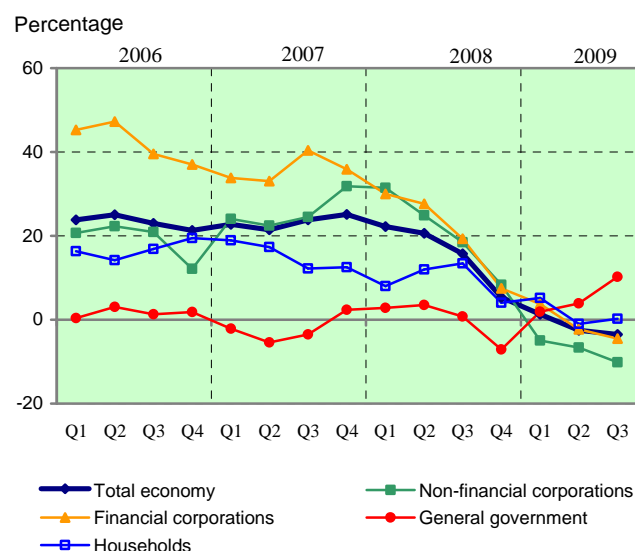
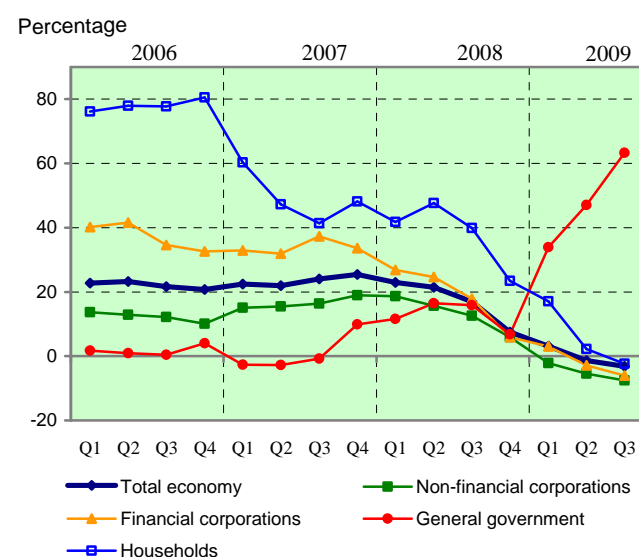
FINANCIAL ACCOUNTS OF LITHUANIA FOR THE THIRD QUARTER OF 2009

Over the last two quarters the financial assets and liabilities in all economic sectors other than general government have decreased gradually. At the end of the third quarter of 2009 financial assets decreased by 4 per cent and liabilities decreased by 3 per cent as compared to the same period of 2008 (Fig. 1 and 2).

At the end of the third quarter, financial assets totalled LTL 314.9 billion. Its annual growth rate was negative (-4%), whereas in the third quarter of 2008, the annual increase made up 16 per cent. The decline of financial assets was driven largely by changes in lending. The volume of loans granted in the third quarter was lower than in the second quarter by LTL 3.1 billion. The decrease of the market value of financial assets has also contributed to this decline. Over the year, the market value of quoted shares decreased by 23 per cent, the market value of Lithuanian investment funds declined by 11 per cent, and the value of investment funds of the rest of the world fell by 28 per cent.

At the end of the period, the major investment positions were loans (28%), shares (27%), deposits (17%) and debt securities (10%).

Lithuania's liabilities totalled LTL 379 billion at the end of the third quarter and went down year-on-year by 3 per cent (in the 3rd quarter of 2008, the annual growth rate was 17%). Loans and debt securities accounted for the largest share of liabilities (33%). In the third quarter, the ratio of loans and debt securities to financial assets was 40 per cent.

**Fig. 1. Financial assets of Lithuania
(annual growth rate)**

**Fig. 2. Liabilities of Lithuania
(annual growth rate)**


This indicator remained at almost the same level in recent years (Fig. 3).

Relations between sectors of economy remained unchanged with households and non-financial corporations being the largest borrowers and other monetary financial institutions (other MFIs)¹ remaining the largest investors.

The rest of the world (non-residents) sector plays an important role in the Lithuanian economy. In the third quarter of 2009, non-residents held 57 per cent of total debt securities issued in Lithuania. They held 69 per cent of debt securities issued by the central government and 27 per cent of debt securities issued by other MFIs. Non-residents also invested in shares. They held 30 per cent of total shares issued in Lithuania. The largest investments from non-residents had been injected into Lithuania's financial sector. The rest of the world held 91 per cent of shares issued by the other MFIs and 70 per cent of shares issued by insurance corporations (Fig. 4).

Fig. 3. Ratio of loans and debt securities to total financial assets of Lithuania (end-of-period)

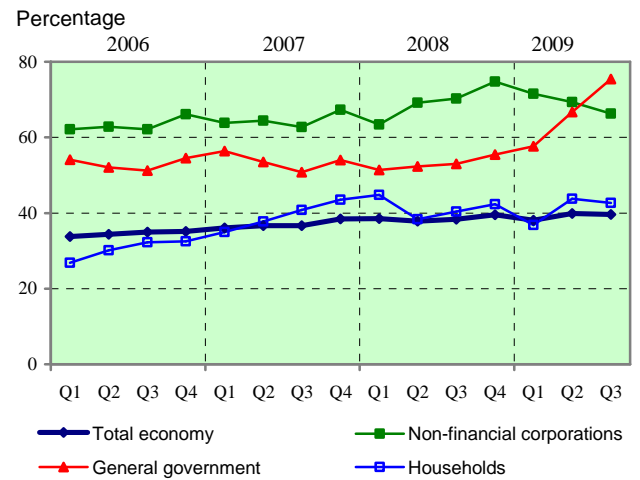
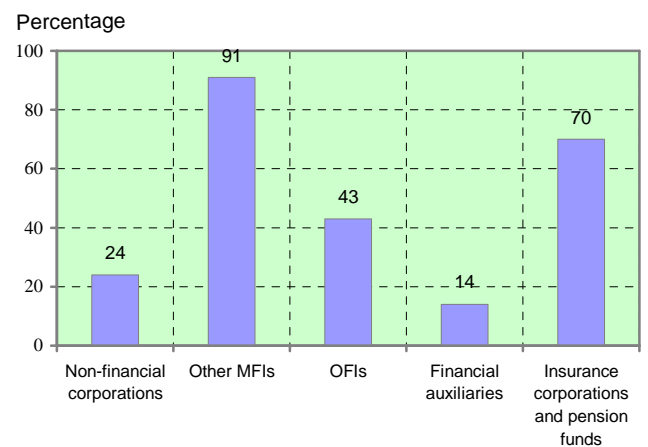


Fig. 4. Non-resident holdings of shares issued in Lithuania (end-of-2009Q3)



¹ Other MFIs cover banks, credit unions, branches of foreign banks, and money market funds

FINANCIAL CORPORATIONS

Financial corporations are major providers of funds. By type of activity they are grouped into other MFIs, other financial intermediaries (OFIs)², financial auxiliaries, insurance corporations and pension funds.

At the end of the third quarter, financial assets of other MFIs totalled LTL 88.5 billion, and their annual change was negative (–3%), whereas in the third quarter of 2008, the annual growth rate was 24 per cent (Fig. 5). Loans accounted for the largest share (78%) of other MFIs' financial assets. In the third quarter of 2009, annual growth rate of short-term loans was 7 per cent, while annual change of long-term loans was negative (–6%), whereas in the third quarter of 2008, the annual increase accounted for 28 per cent. Non-financial corporations and households were the debtors of other MFIs in loans. At the end of the quarter, short-term loans to non-financial corporations amounted to LTL 8.2 billion (71% of total short-term loans) and long-term loans made up LTL 25.2 billion (44% of total long-term loans; Fig. 7). Short-term and long-term loans to households made up respectively LTL 0.6 billion (5%) and LTL 29 billion (50%).

At the end of the third quarter, the liabilities of other MFIs amounted to LTL 88.2 billion with a negative annual growth rate of 5 per cent. In comparison, in the third quarter of 2008 annual increase equalled to 23 per cent (Fig. 6). Transferable (21%) and other deposits (67%) accounted for the largest shares of liabilities.

At the end of the third quarter financial assets of OFIs made up LTL 13.9 billion, and their annual change was negative (–24%) (in the 3rd quarter of 2008, annual growth

Fig. 5. Financial assets of financial corporations (annual growth rate)

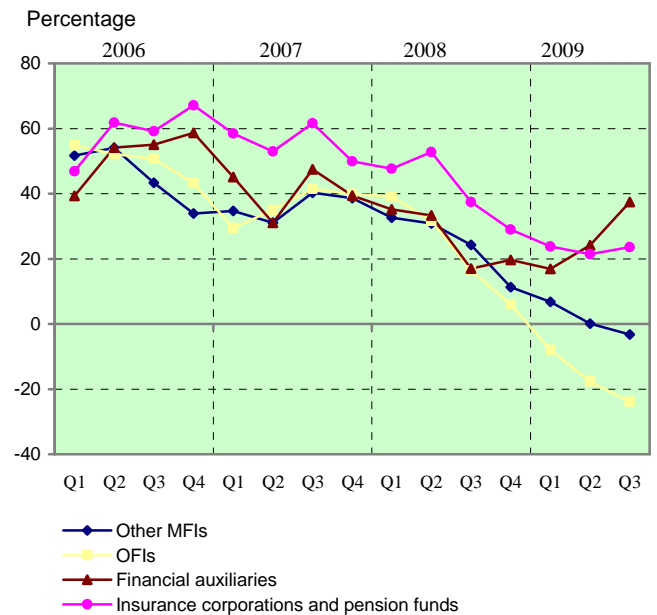
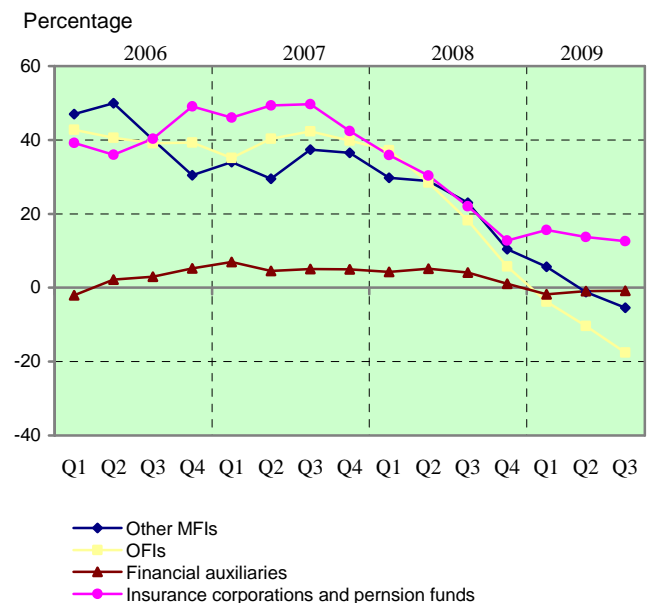


Fig. 6. Liabilities of financial corporations (annual growth rate)



² OFIs cover financial leasing corporations and other corporations engaged in credit granting, and investment funds

rate was 16%; Fig. 5). As in the case of other MFIs, loans accounted for the largest share of OFIs' financial assets (77%), but their structure was slightly different. Most of the loans (43% of short-term and 71% of long-term loans) were granted to non-financial corporations (Fig. 8).

At the end of the quarter, OFIs' liabilities amounted to LTL 13.5 billion, and their annual change was negative (-18%) (in the 3rd quarter of 2008, annual increase was 18 per cent; Fig. 6). Unlike other MFIs, OFIs accumulate funds through borrowing from other economic entities; consequently the major part of their liabilities consisted of short-term (14%) and long-term (72%) loans.

At the end of the third quarter, the financial assets of insurance corporations and pension funds made up LTL 6.7 billion, and their annual growth rate was 24 per cent (in the 3rd quarter of 2008, a year-on-year growth made up 37%; Fig. 5). A significant amount of funds accumulated by insurance corporations and pension funds in insurance technical reserves and pension funds were invested into debt securities (57%) and shares of investment funds (29%).

The liabilities of insurance corporations and pension funds amounted to LTL 6.5 billion, and their annual increase was 13 per cent (in the 3rd quarter of 2008, a year-on-year growth was 22%; see Fig. 6). Pensions funds (50%) and insurance technical reserves (35%) accounted for the largest shares of liabilities.

Fig. 7. Loans issued by other MFIs
(end-of-2009Q3)

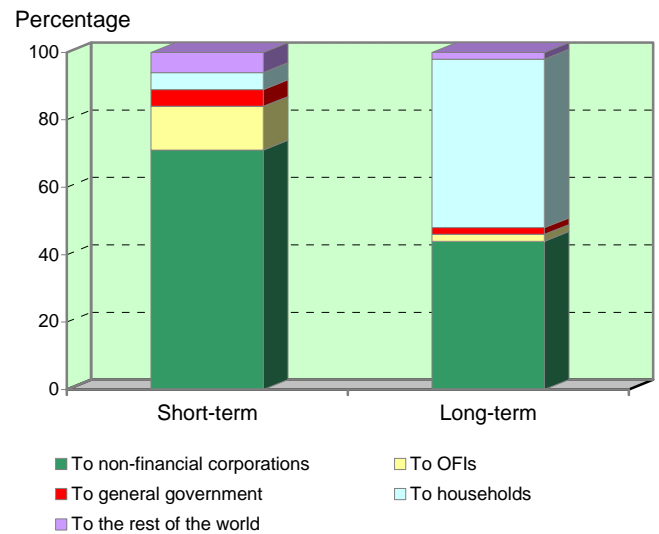
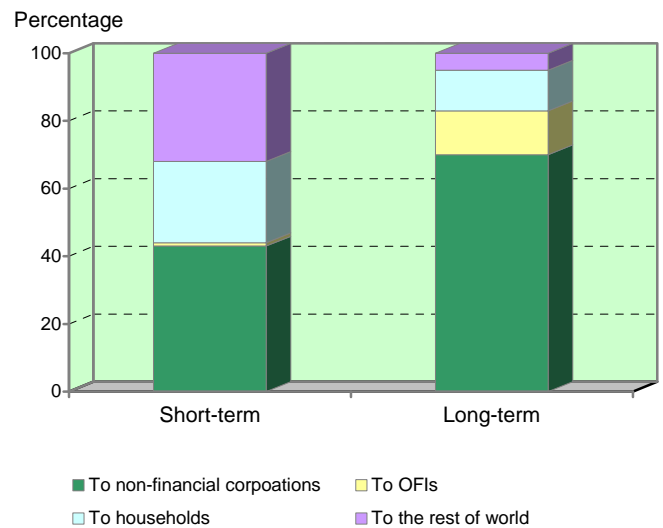


Fig. 8. Loans issued by OFIs
(end-of-2009Q3)



NON-FINANCIAL CORPORATIONS

At the end of the third quarter 2009, the financial assets of non-financial corporations amounted to LTL 80.6 billion with the annual decrease of –10 per cent (in the 3rd quarter of 2008, annual growth rate was 19 per cent; Fig. 1).

For several years unquoted shares and other accounts receivable have been the largest shares of financial assets, accounting for about 30 and 40 per cent respectively (Fig. 9).

The liabilities of non-financial corporations totalled LTL 180.6 billion; at the end of the third quarter their annual change was negative (–8%), whereas in the third quarter of 2008, annual increase was 13 per cent (Fig. 2).

Unquoted shares and loans were the largest segments of liabilities, making up 46 and 29 per cent respectively (Fig. 9). At the end of the quarter, the amount of short-term and long-term loans granted to non-financial corporations made up respectively LTL 11.6 billion and LTL 41.6 billion. The loans received from other MFIs made up 71 per cent of short-term and 61 per cent of long-term loans. Short-term loans granted by non-financial corporations to each other accounted for 17 per cent. Loans received from the rest of the world made up about 9 per cent of all short-term loans and 16 per cent of all long-term loans (Fig. 10).

Fig. 9. Financial assets and liabilities of non-financial corporations (end-of-2009Q3)

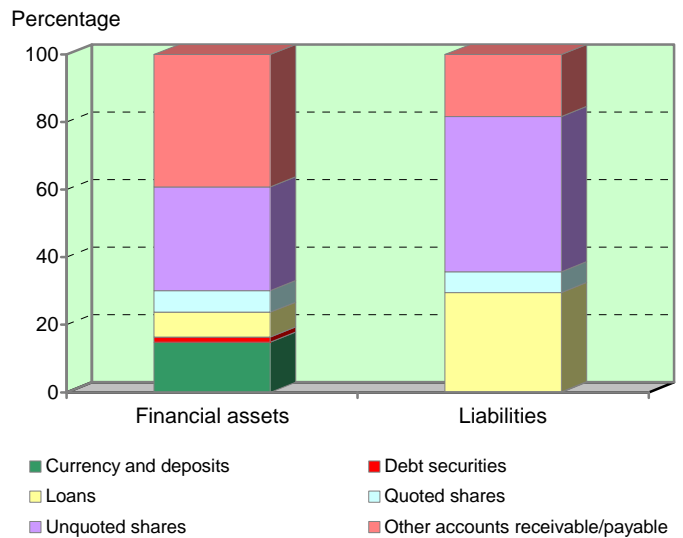
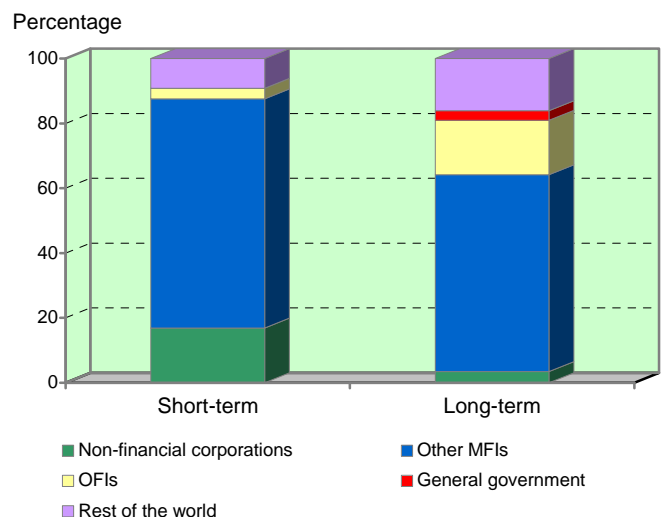


Fig. 10. Loans granted to non-financial corporations (end-of-2009Q3)



HOUSEHOLDS

At the end of the third quarter, financial assets of households made up LTL 71.9 billion; their annual increase was 0.2 per cent, whereas in the third quarter of 2008, annual growth rate accounted for 13 per cent (Fig. 1).

The structure of financial assets has slightly changed in the recent quarters since investments into shares were no longer dominating. Household investments into shares and deposits each accounted for 39 per cent of total financial assets (Fig. 11).

At the end of the quarter, household liabilities amounted to LTL 42.1 billion. Their annual growth rate went down from 40 per cent in the same period of 2008 to negative (-2%) in the third quarter of 2009 (Fig. 2).

Loans and other accounts payable made up 73 and 27 per cent of the household liabilities respectively (Fig. 11).

At the end of the third quarter of 2009, financial assets of households per capita amounted to LTL 21.6 thousand, and liabilities per capita made up LTL 13 thousand (Fig. 12).

Fig. 11. Financial assets and liabilities of households
(end-of-2009Q3)

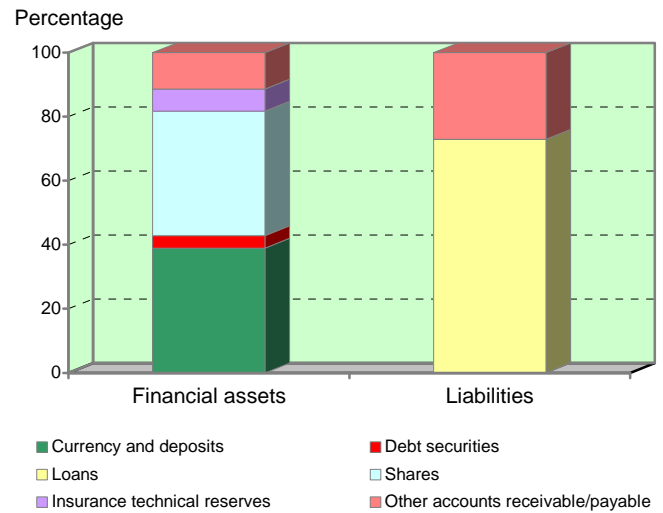


Fig. 12. Financial assets and liabilities of households
(end-of-period, per capita)

