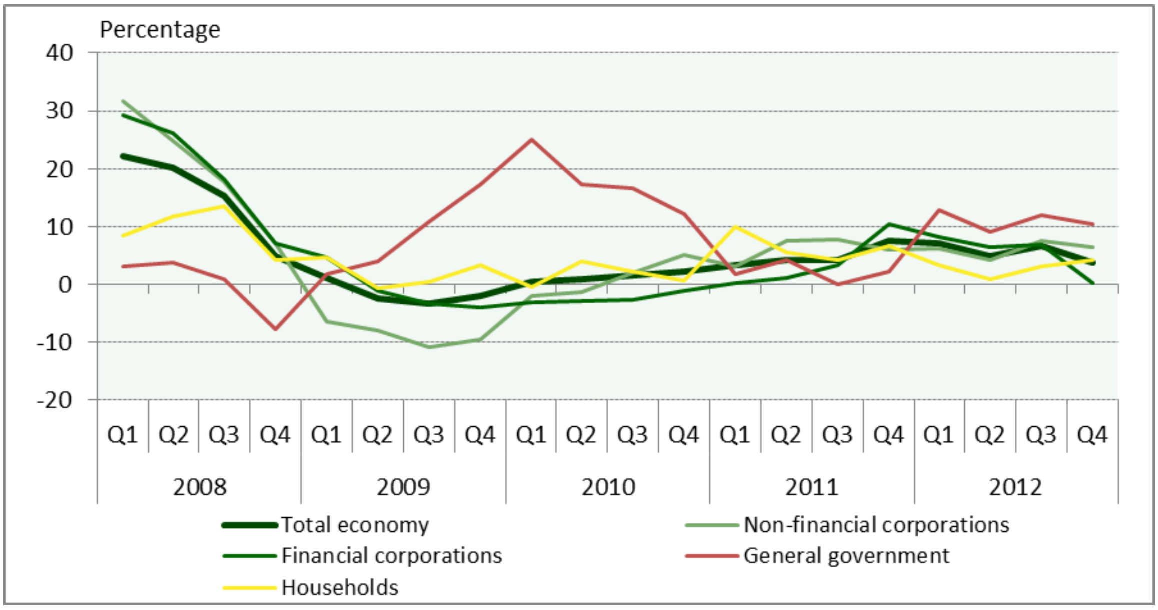
10 April 2013

LITHUANIA'S FINANCIAL ACCOUNTS FOR Q4 2012

In the fourth quarter of 2012, the annual growth rate[1] of Lithuania's financial assets (4%) exceeded that of liabilities (3%). In Q4 2011, the said growth rates accounted for 7 and 6 per cent, respectively. Net acquisition of financial assets and net incurrence of liabilities in all sectors, except for non-financial corporations, was positive.

At the end of the fourth quarter of 2012, financial assets totalled LTL 356.9 billion.

Fig. 1. **Lithuania's financial assets**
(annual growth rate)

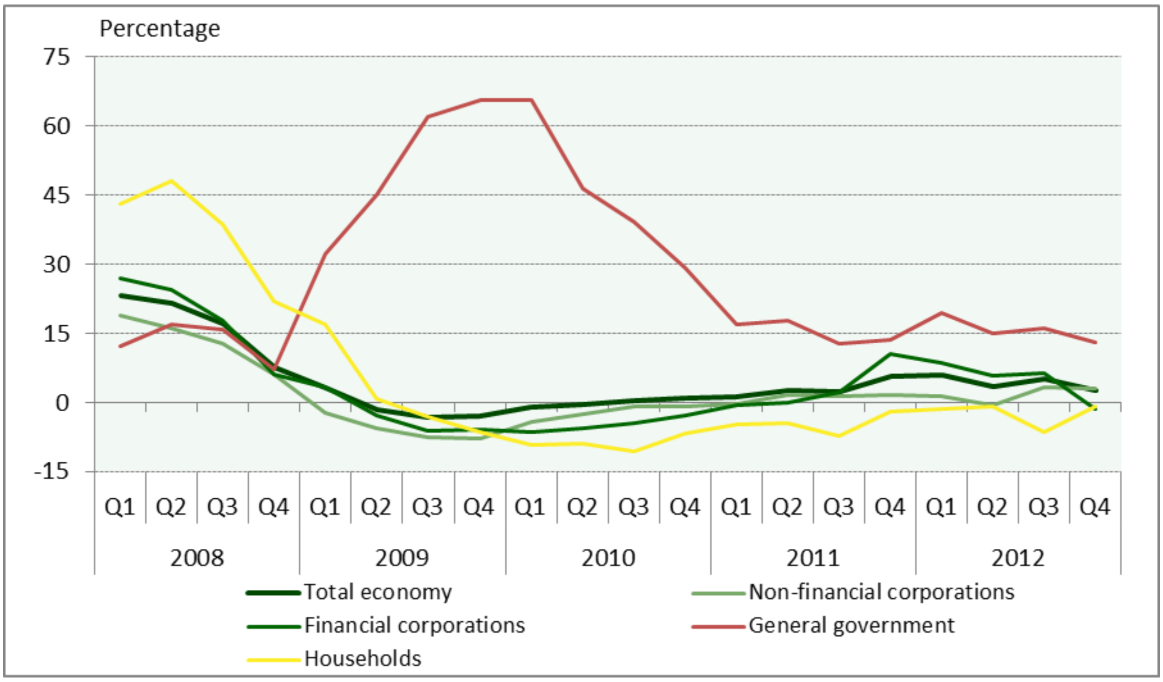


The main investment positions of financial assets were loans (25%), shares (25%), and deposits (21%).

At the end of the fourth quarter, Lithuania's liabilities totalled LTL 421.4 billion. Loans and debt securities accounted for more than the one third (35%) of total liabilities.

[1] Annual growth rate is calculated by taking the difference between end-quarter outstanding amounts and then removing the effects of revaluation adjustments, exchange rate adjustments, as well as other changes.

Fig. 2. **Lithuania's liabilities**
(annual growth rate)



In Q4 2012, net acquisition of financial assets and net incurrence of liabilities in all sectors, except for non-financial corporations, was positive (see Table 1).

Table 1. **Financial transactions between institutional sectors**
(Q4 2012; LTL billions)

Assets / Liabilities	Non-financial corporations	Financial corporations	General government	Households[1]	Rest of the world	**Total**
Non-financial corporations	–3.1	0.5	–0.4	–0.6	–0.1	**–3.7**
Financial corporations	0.1	2.7	–1.1	1.3	–1.4	**1.6**
General government	–0.4	0.6	0.2	1.2	–0.1	**1.5**
Households[1]	2.1	–0.3	0.0	0.0	0.0	**1.8**
Rest of the world	–0.4	–1.9	1.3	0.0	X	**–1.0**
Total	**–0.7**	**1.6**	**0.0**	**1.9**	**–1.6**	**0.2**

[1] *Including non-profit institutions serving households.*
X — *Not applicable.*

At the end of the fourth quarter, the largest amount of financial assets was accumulated in the financial corporations sector. Liabilities were predominant in non-financial corporations (see Table 2).

Table 2. **Financial assets and liabilities of institutional sectors**
(end of Q4 2012; LTL billions)

Assets / Liabilities	Non-financial corporations	Financial corporations	General government	Households[1]	Rest of the world	**Total**
Non-financial corporations	44.7	38.6	16.5	40.3	45.7	**185.8**
Financial corporations	19.0	19.8	10.7	47.8	37.9	**135.2**
General government	1.5	10.1	8.8	3.8	43.7	**67.9**
Households[1]	4.9	27.5	0.0	0.0	0.1	**32.5**
Rest of the world	17.2	40.8	3.0	1.9	X	**62.9**
Total	**87.3**	**136.8**	**39.0**	**93.8**	**127.4**	**484.3**

[1] *Including non-profit institutions serving households.*
X — *Not applicable*.

The rest of the world sector (non-residents) plays an important role in Lithuania's economy. In Q4 2012, holdings of debt securities by non-residents accounted for 78 per cent of total debt securities issued in Lithuania. Annual growth rate of the said securities equalled 27 per cent (in Q4 2011, it amounted to 13%; see Fig. 3). Non-residents also owned one third (34%) of total shares issued in Lithuania, whose annual growth rate was 11 per cent (in Q4 2011 it made up –1%; see Fig. 3). The largest portion of non-resident investment went to Lithuania's financial sector: non-residents owned 97 per cent of shares issued by other monetary financial institutions (other MFIs)[2] and 76 per cent of shares issued by insurance corporations.

Fig. 3. **Non-resident holdings of shares and debt securities issued in Lithuania**
(annual growth rate)

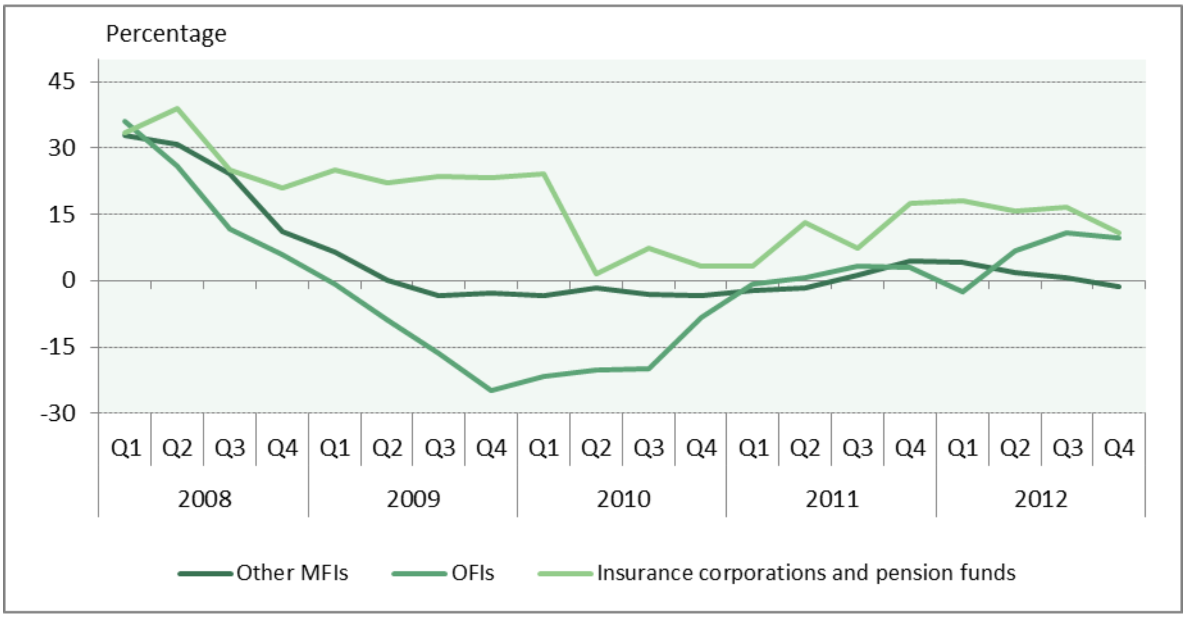
[2] Other MFIs—banks, credit unions, branches of foreign banks, and money market funds.

FINANCIAL CORPORATIONS

Financial corporations are grouped, by type of activity, into other MFIs, other financial intermediaries (OFIs)[3], financial auxiliaries, and insurance corporations and pension funds.

At the end of the fourth quarter, financial assets of other MFIs totalled LTL 87.4 billion. Their annual growth rate was –1 per cent, whereas a year ago it was 4 per cent (see Fig. 4).

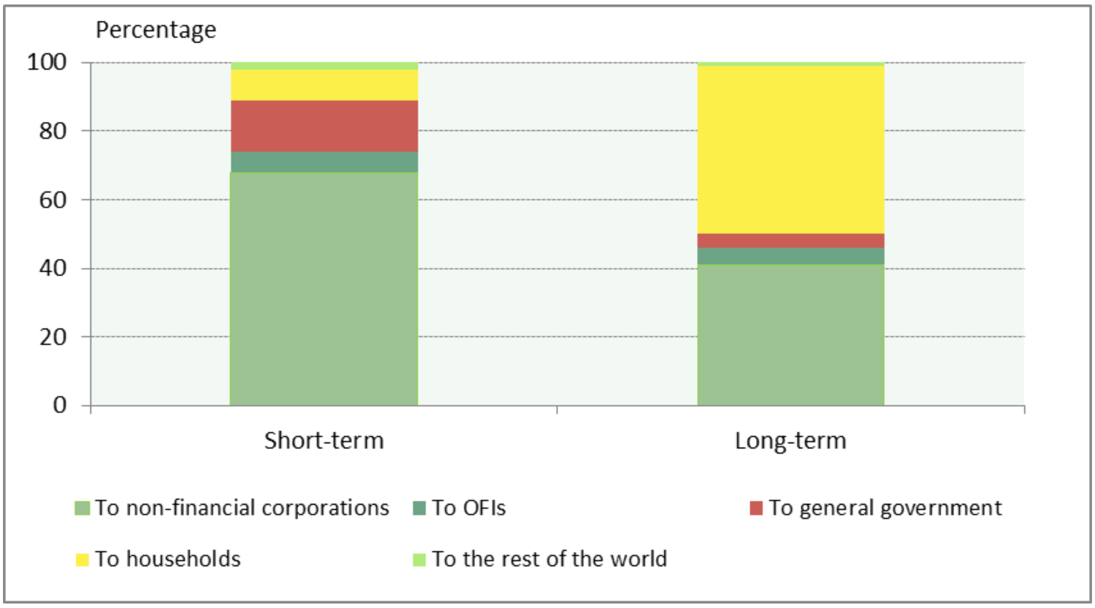
Fig. 4. **Financial assets of financial corporations**
(annual growth rate)



Loans accounted for almost three quarters (71%) of the financial assets of other MFIs. In Q4 2012, short-term loans decreased year on year by 12 per cent, while long-term loans increased by 1 per cent. Most of loans provided by other MFIs were granted to non-financial corporations and households. At the end of the quarter, short-term loans to non-financial corporations accounted for LTL 6.8 billion (68% of total short-term loans) and long-term loans amounted to LTL 21.4 billion (41% of total long-term loans; see Fig. 5). Short-term loans and long-term loans to households totalled LTL 0.9 billion (9%) and LTL 25.2 billion (49%), respectively.

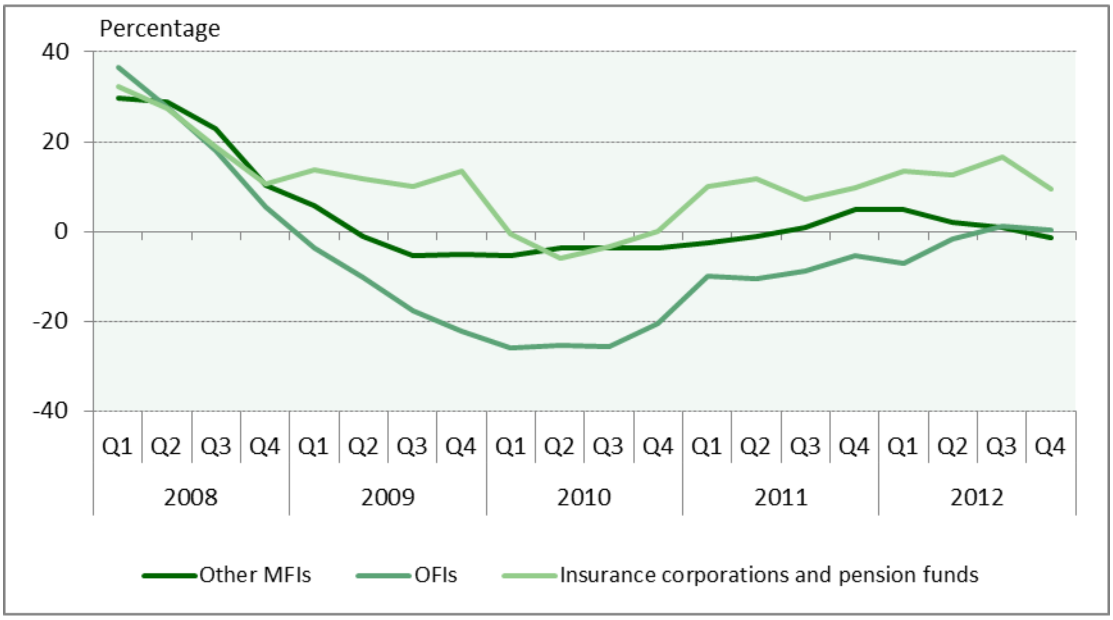
[3] OFIs—financial leasing corporations and other corporations engaged in credit granting and investment funds.

Fig. 5. **Loans granted by other MFIs**
(end of Q4 2012)



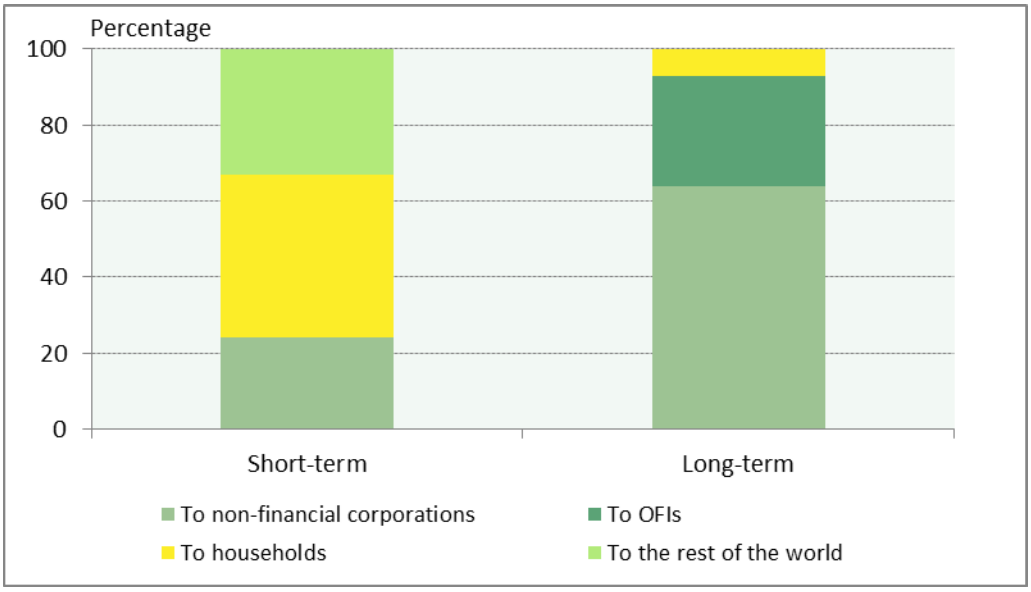
At the end of the Q4 2012, liabilities of other MFIs amounted to LTL 89.3 billion with a negative annual growth rate of –1 per cent. In comparison, a year ago their annual change was 5 per cent (see Fig. 6). Transferable deposits (34%) and other deposits (48%) accounted for the largest share of liabilities.

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



At the end of the fourth quarter, financial assets of OFIs amounted to LTL 13.2 billion, and their annual growth rate was 10 per cent, while in Q4 2011 the rate was 3 per cent (see Fig. 4.). Two thirds (67%) of the financial assets of these institutions was composed of loans. The largest portion of short-term loans (43%) was granted by OFIs to households, whereas the majority of long-term loans (64%) was granted to non-financial corporations (see Fig. 7).

Fig. 7. **Loans granted by OFIs**
(end of Q4 2012)



At the end of Q4, liabilities of OFIs equalled LTL 10.3 billion. Their annual growth rate was 0.2 per cent (in Q4 2011, the rate was –5%; see Fig. 6). Unlike other MFIs, OFIs accumulate funds through borrowing from other economic entities; consequently, both short-term loans (10%) and long-term loans (54%) accounted for the largest share of their liabilities.

At the end of Q4, financial assets of insurance corporations and pension funds amounted to LTL 8.4 billion, whereas the annual growth rate of these assets amounted to 11 per cent (in Q4 2011, the rate was 17%; see Fig. 4). A significant amount of funds accumulated by insurance corporations and pension funds in the form of insurance technical reserves and pension funds were invested into debt securities (44%) and investment fund shares (45%).

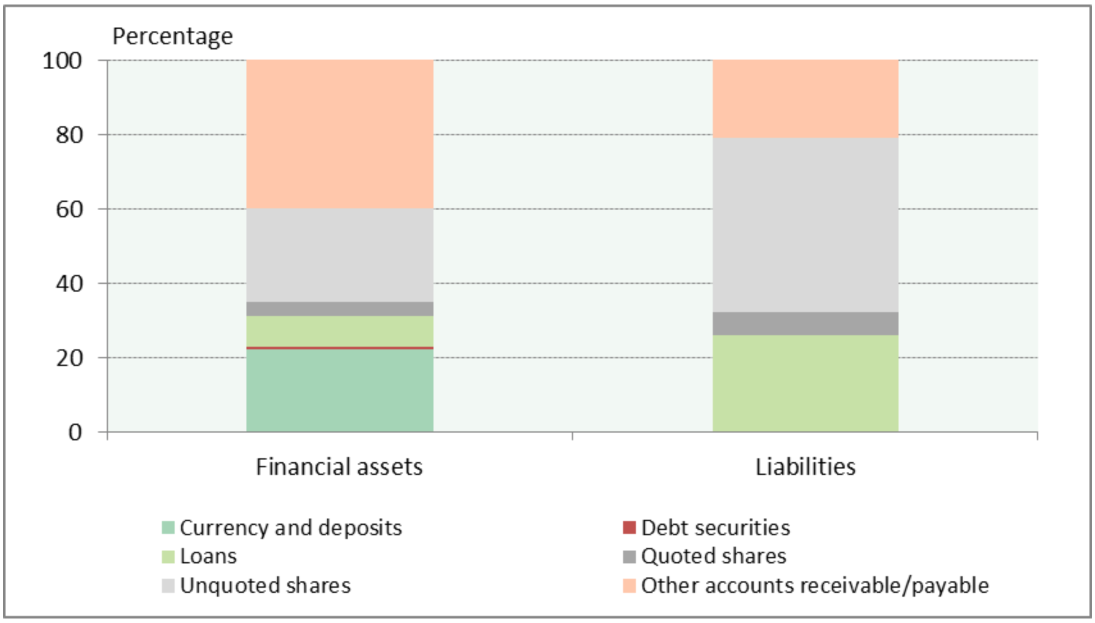
Liabilities of insurance corporations and pension funds totalled LTL 8.7 billion, with an annual growth rate of 9 per cent (in Q4 2011, the rate was 10%; see Fig. 6). At the end of Q4 2012, pension funds and insurance technical reserves accounted for 56 and 34 per cent, respectively, of total liabilities.

NON-FINANCIAL CORPORATIONS

At the end of Q4 2012, financial assets of non-financial corporations amounted to LTL 87.3 billion, whereas their annual growth rate was 6 per cent, the same as the annual growth in Q4 2011 (see Fig. 1).

Unquoted shares and other accounts receivable composed the largest portion of financial assets. At the end of the fourth quarter, the said portions made up 25 and 39 per cent, respectively (see Fig. 8).

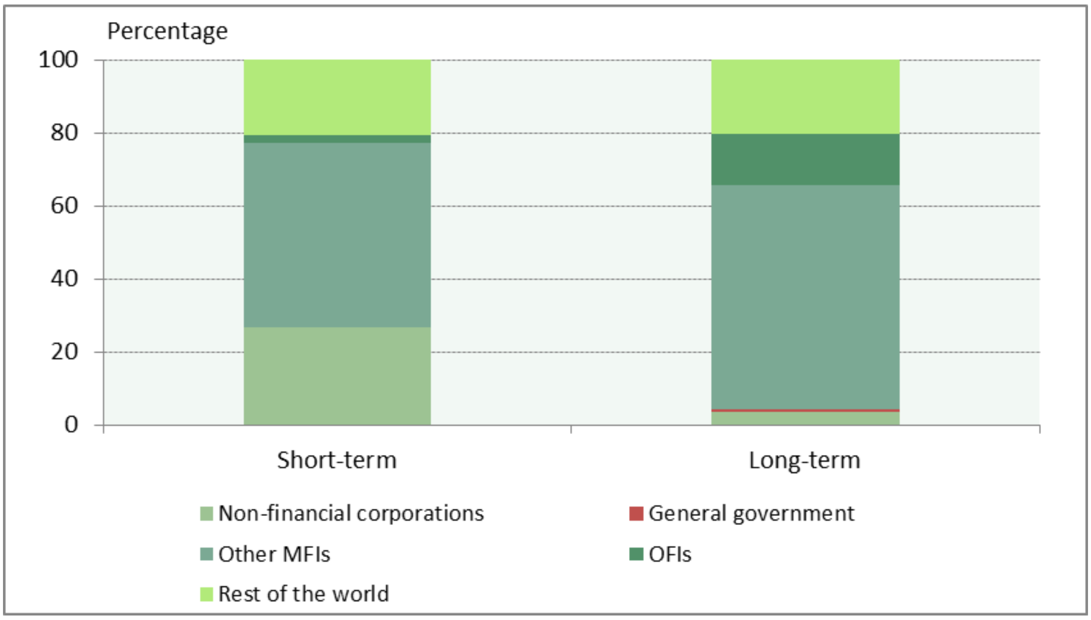
Fig.8. **Financial assets and liabilities of non-financial corporations**
(end of Q4 2012)



At the end of the fourth quarter, liabilities of non-financial corporations totalled LTL 185.8 billion; their annual growth rate was 3 per cent (in Q4 2011 it was 2%; see Fig. 2).

Unquoted shares and loans were the largest segments of liabilities, accounting for, respectively, 45 and 26 per cent (see Fig. 8). At the end of the quarter, the amounts of short-term and long-term loans granted to non-financial corporations totalled LTL 13.4 billion and LTL 35.0 billion, respectively. Loans received from other MFIs were 50 per cent of short-term loans and 61 per cent of total long-term loans. Besides, non-financial corporations granted a significant portion of short-term loans (27%) to each other. Loans received from the rest of the world amounted to about 21 per cent of total short-term loans and 20 per cent of total long-term loans (see Fig. 9).

Fig. 9. **Loans granted to non-financial corporations**
(end of Q4 2012)



At the end of Q4 2012, the debt of non-financial corporations totalled LTL 48.6 billion and comprised 43 per cent of gross domestic product (GDP; see Table 3).

Table 3. **Debt indicators of non-financial corporations**
(end-of-period; percentage)

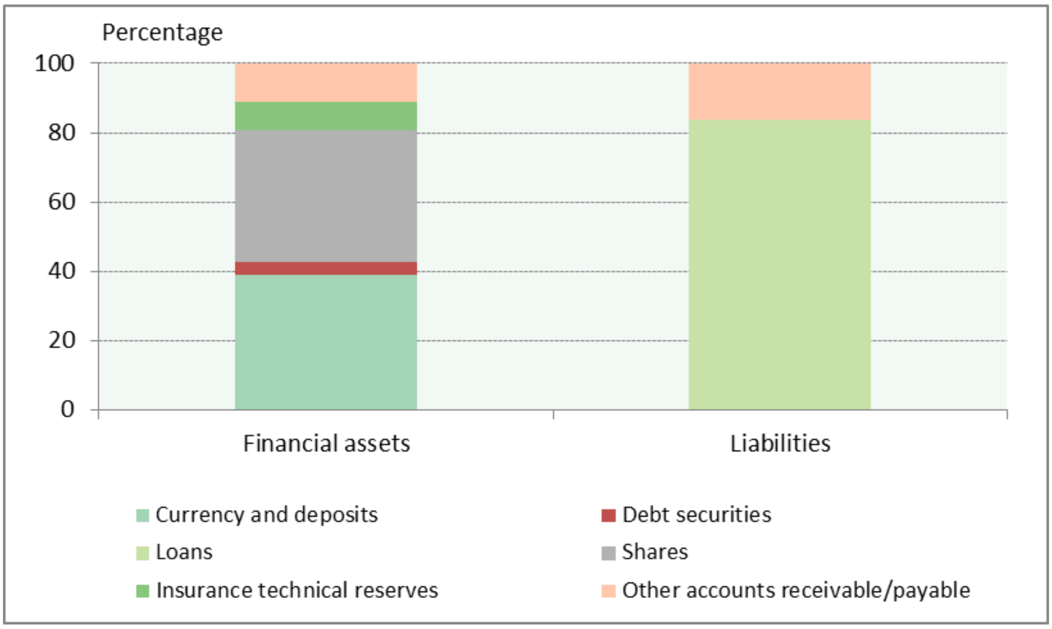
Indicators	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Debt, LTL billions[1]	46.5	48.3	48.0	46.5	46.6	48.0	48.2	48.6
Ratio of debt to GDP[2]	47.6	48.0	46.2	43.7	43.2	44.0	43.4	42.9
Ratio of debt to total financial assets[3]	57.9	58.0	57.4	56.4	55.3	55.8	53.8	55.7
Ratio of debt to equity[4]	49.4	51.2	51.2	50.1	48.5	50.6	49.6	49.5
Ratio of short-term liabilities to short-term assets[5]	65.3	64.1	62.8	60.7	62.6	69.1	66.0	65.6

[1] *Short-term and long-term debt securities, short-term and long-term loans at market prices*
[2] *Ratio of debt (see footnote 1) to the quarterly GDP of the latest four quarters (at current prices)*
[3] *Ratio of debt (see footnote 1) to the total financial assets*
[4] *Ratio of debt (see footnote 1) to quoted and unquoted shares, other equity, and investment fund shares.*
[5] *Ratio of short-term debt securities issued and short-term loans to currency, transferable deposits, short-term debt securities, short-term loans granted.*

HOUSEHOLDS

At the end of Q4 2012, financial assets of households totalled LTL 93.1 billion; their annual growth rate was 4 per cent (in Q4 2011, it was 7%; see Fig. 1). Shares and currency and deposits represented the largest segments of the financial assets of households: 38 and 39 per cent, respectively (see Fig. 10).

Fig. 10. **Financial assets and liabilities of households**
(end of Q4 2012)



At the end of the quarter, liabilities of households amounted to LTL 32.5 billion. Their annual growth rate was –0.7 per cent (in Q4 2011, it was also –2 per cent; see Fig. 2). Loans and other accounts payable accounted for, respectively, 84 and 16 per cent of household liabilities (see Fig. 10).

At the end of Q4 2012, the debt of households totalled LTL 27.2 billion and comprised 24 per cent of GDP (see Table 4.).

Table 4. **Debt indicators of households**
(end-of-period; percentage)

Indicators	2011					2012		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Debt, LTL billions[1]	28.4	28.3	28.7	27.9	27.6	27.5	27.5	27.2
Ratio of debt to GDP[2]	29.1	28.1	27.6	26.2	25.6	25.2	24.8	24.0
Ratio of debt to total financial assets[3]	34.4	33.2	33.5	32.1	30.8	31.3	30.3	29.2
Ratio of short-term liabilities to short-term assets[4]	6.8	6.7	7.7	6.8	6.7	7.9	8.1	7.4

[1] *Short-term and long-term debt securities, short-term and long-term loans at market prices*
[2] *Ratio of debt (see footnote 1) to the quarterly GDP of the latest four quarters (at current prices)*
[3] *Ratio of debt (see footnote 1) to the total financial assets*
[4] *Ratio of short-term debt securities issued and short-term loans to currency, transferable deposits, short-term debt securities, short-term loans granted.*

At the end of Q4 2012, financial assets of Lithuanian households per capita amounted to LTL 31 thousand, whereas liabilities per capita made up LTL 11 thousand (see Fig. 11).

Fig.11. **Financial assets and liabilities of households**
(end-of-period; per capita)

Statistics Department
of the Economics and Financial Stability Service