

27 October 2011

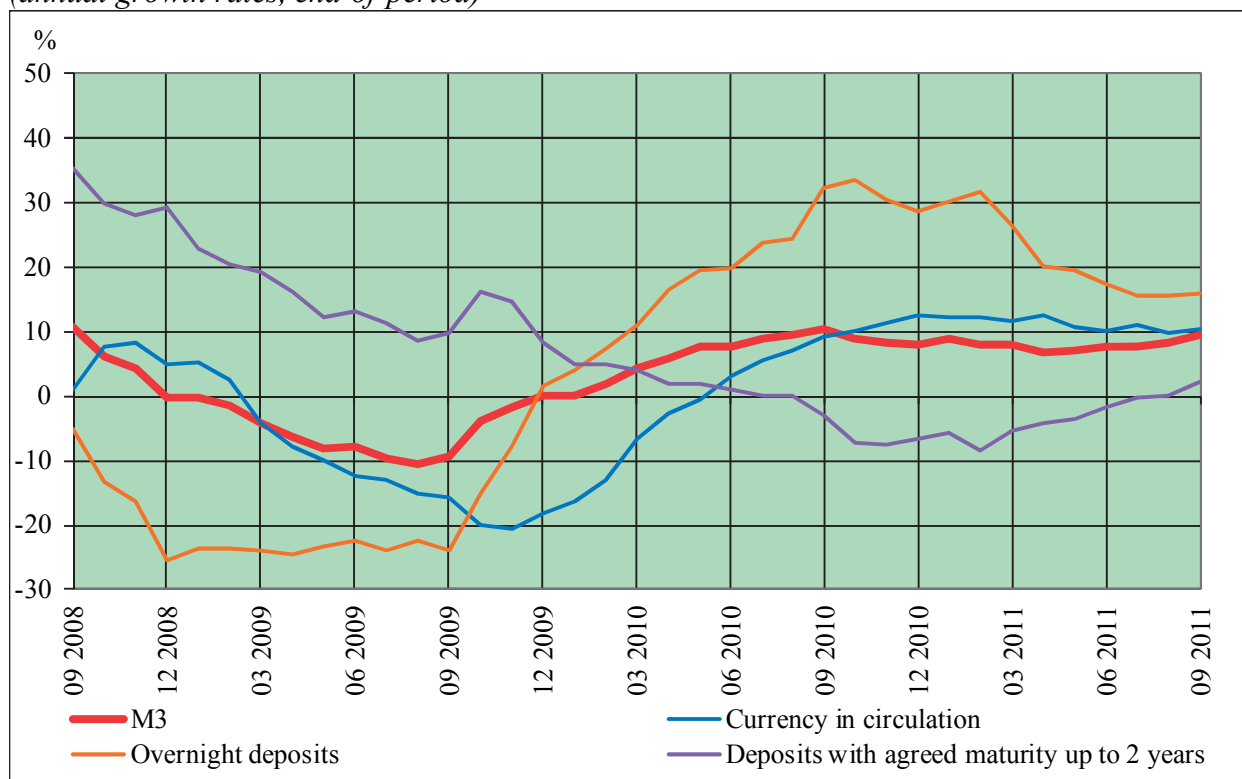
## MONETARY SURVEY AND BALANCE SHEET OF OTHER MFIs, SEPTEMBER 2011

The growth rate of annual M3 has accelerated gradually in recent six months to reach this year's record heights of 9.5% in September 2011. At the end of the month, MFIs' external assets were by LTL 5.3 billion ahead of their external liabilities. Other MFIs' lending to resident households kept growing for the third consecutive month. Euro loans dominated in the structure of lending to residents, excluding MFIs: at the end of the month they accounted for 68.8% of total loans. The increase in overnight deposits, currency in circulation, and debt securities led to a month-on-month increase in M3 monetary aggregate by LTL 369.7 million.

All three monetary aggregates (M1, M2 and M3) grew over the year by 14.4%, 8.9%, and 9.5% respectively. At the end of September, M1 made up LTL 28.9 billion, M2 – LTL 49.0 billion and M3 – LTL 50.1 billion.

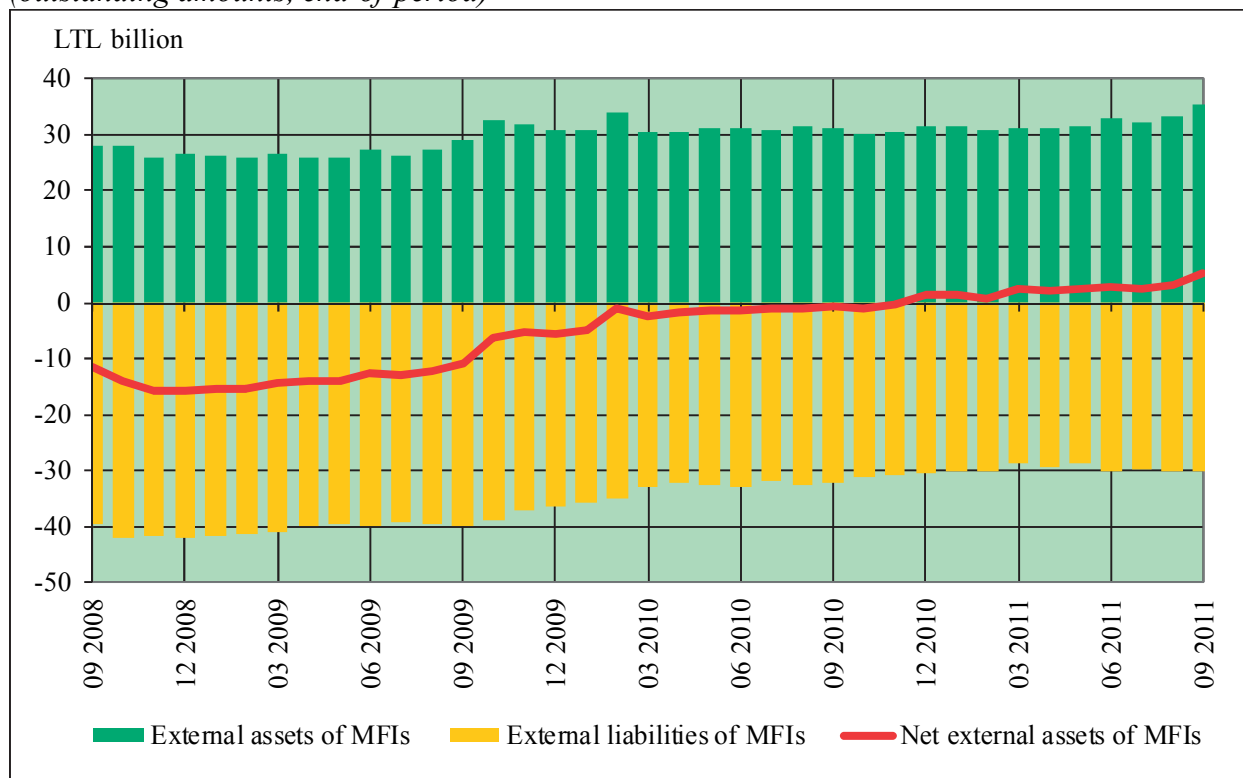
The September growth in M3 was driven by the growth in overnight deposits, debt securities of up to 2 years, and currency in circulation respectively by LTL 520.9 million, LTL 38.3 million, and LTL 25.7 million. However, M3 growth was contained by a fall of LTL 209.3 million and a drop of LTL 6.1 million in deposits with agreed maturity of up to 2 years and deposits redeemable at notice of up to 3 months. Comprehensive data is available in the table below the review.

### Monetary aggregate M3 and its components (annual growth rates, end-of-period)



In September, the MFIs' net external assets grew by LTL 2.2 billion. It has remained in the positive territory since December 2010 amounting to LTL 5.3 billion at the end of September. The increase of MFIs' net external assets was driven by an increase of LTL 2.0 billion in external assets of the Bank of Lithuania and a hike of LTL 191.2 million in external assets of other MFIs.

## Net External Assets of MFIs (outstanding amounts, end-of-period)



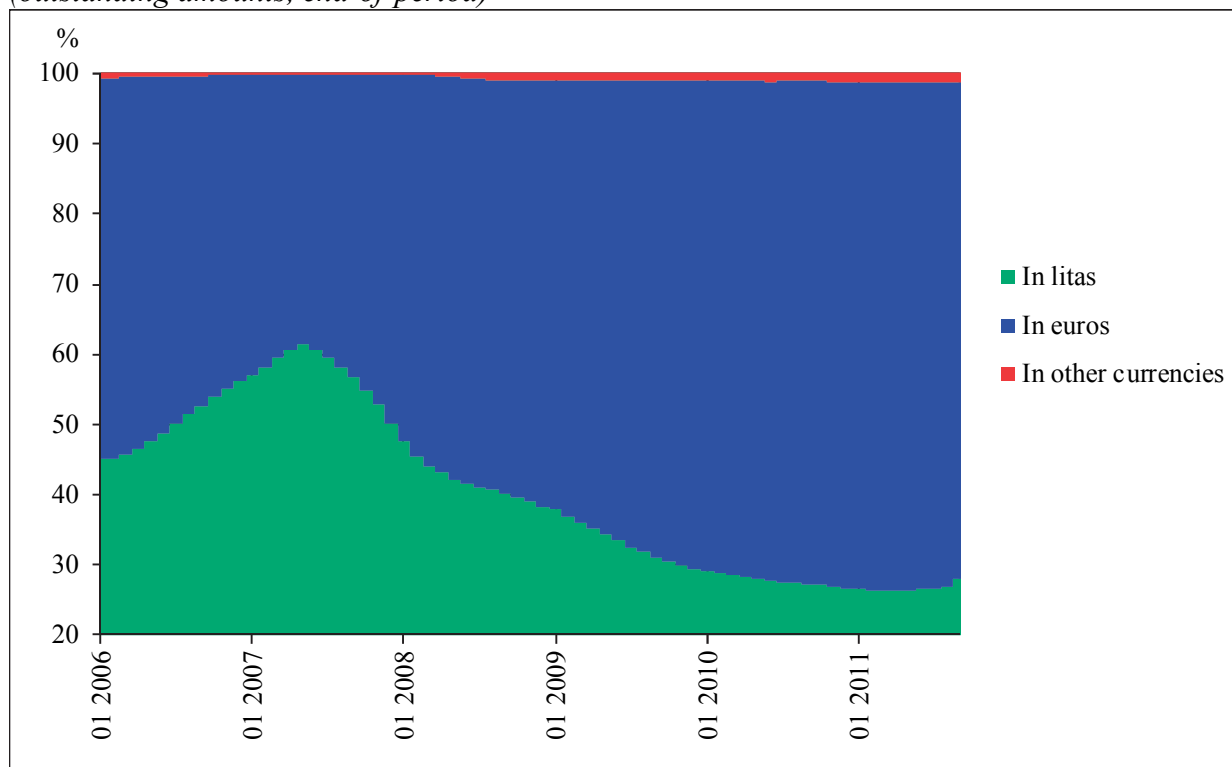
In September, domestic credit went up by LTL 396.3 million – credit to general government grew by LTL 222.1 million, while credit to other residents grew by LTL 174.1 million. The latter increased driven mainly by an increase of LTL 321.5 million in other MFIs' lending to households. However, lending to non-financial corporations and financial intermediaries declined by LTL 87.2 million and LTL 65.4 million respectively.

Other MFIs' lending to non-financial corporations went down year on year by 3.0% and lending to households decreased by 1.3%. Since the end of 2010, the decline in this type of loans has gradually decelerated.

Other MFIs' lending to households grew for the third consecutive month – consumer loans went up by LTL 276.8 million and other loans increased by LTL 52.9 million. Loans for house purchase however stepped down by LTL 8.2 million. At the end of September, the annual growth rate of loans for house purchase was negative at -0.2%. Other lending to households kept growing for the fifth consecutive month.

Other MFIs' euro lending to residents dominated in the lending structure by currency: at the end of September, euro loans made up 68.8%, while litas loans made up 28.8%. Such differences in lending by currency were determined by the structure of other MFIs' lending to non-financial corporations and households. At the end of September, for example, other MFIs' lending to non-financial corporations in euros made up 70.4%, while lending in litas made up 25.7%. Other MFIs' euro and litas lending to households made up respectively 70.9% and 27.9%. Compared to previous month, the share of litas loans grew by 1.1 percentage point, while euro loans declined by 1.1 percentage point.

## Loans to households by currency (outstanding amounts, end-of-period)



In September, longer-term MFIs' financial liabilities jumped by LTL 311.8 million largely driven by an increase of LTL 252.1 million in their capital and reserves.

Central government deposits with the Bank of Lithuania surged during the month by LTL 2.2 billion, and those with other MFIs contracted by LTL 48.9 million.

### Footnotes

1. Changes per month (in litas) and annual growth rates (in per cent) of monetary aggregates and the balance sheet items of other MFIs are disclosed as transactions, i.e. are calculated by taking the difference between end-month outstanding amounts and then removing the effects of revaluation adjustments, exchange rate adjustments as well as reclassifications and other adjustments.
2. Other short-term deposits, i.e. M2 minus M1, include deposits with agreed maturity of up to 2 years and deposits redeemable at a period of notice of up to 3 months.
3. Marketable instruments, i.e. M3 minus M2, include repurchase agreements, money market funds' shares (units) and debt securities with a maturity of up to 2 years.
4. For the terms used in the review see the website of the Bank of Lithuania <http://www.lb.lt/notes>.

## Monetary Aggregates and Counterparts, LTL million

|   | Outstanding amounts at the end of previous period | Transactions during period | Other changes in outstanding amounts during period | Outstanding amounts at the end of the reporting period | Annual growth rates, in percent |                |
|---|---|----------------------------|--|--|---------------------------------|----------------|
|   | August 2011                                       | September 2011             | September 2011                                     | September 2011   | August 2011                     | September 2011 |
| <b>M2</b>   | <b>48561.9</b>                                    | <b>331.2</b>               | <b>142.4</b>                                       | <b>49035.5</b>   | <b>7.7</b>                      | <b>8.9</b>     |
| M1  | 28258.5   | 546.7                      | 74.3   | 28879.4  | 13.9                            | 14.4           |
| Currency in circulation                           | 8249.9  | 25.7                       | -1.0   | 8274.7   | 9.9                             | 10.4           |
| Overnight deposits                                | 20008.5   | 520.9                      | 75.3   | 20604.8  | 15.6                            | 16.0           |
| Other short-term deposits                         | 20303.5   | -215.5                     | 68.1   | 20156.1  | 0.0                             | 1.9            |
| Deposits with an agreed maturity of up to 2 years | 20114.9   | -209.3                     | 67.2   | 19972.8  | 0.1                             | 2.1            |
| Deposits redeemable at notice of up to 3 months   | 188.6   | -6.1                       | 0.8  | 183.3  | -7.0                            | -10.7          |
| <b>Marketable instruments</b>                     | <b>997.7</b>                                      | <b>38.6</b>                | <b>10.4</b>  | <b>1046.7</b>  | <b>49.7</b>                     | <b>55.4</b>    |
| Repurchase agreements                             | 9.3   | 0.0                        | 0.0  | 9.3  | x                               | x              |
| Money market funds shares/units                   | ...   | ...                        | ...  | ...  | ...                             | ...            |
| Debt securities issued up to 2 years              | 989.0   | 38.3                       | 10.4   | 1037.8   | 127.4                           | 129.4          |
| <b>M3</b>   | <b>49559.7</b>                                    | <b>369.7</b>               | <b>152.8</b>                                       | <b>50082.3</b>   | <b>8.2</b>                      | <b>9.5</b>     |
| Net external assets                               | 3159.5  | 2212.4                     | -116.0   | 5256.0   | x                               | x              |
| Credit to general government                      | 6221.3  | 222.1                      | 1.0  | 6444.3   | 28.4                            | 28.3           |
| Loans   | 3011.8  | 146.3                      | 3.2  | 3161.3   | 67.0                            | 71.1           |
| Securities other than shares                      | 3209.4  | 75.8                       | -2.3   | 3283.0   | 5.7                             | 3.6            |
| Credit to other residents                         | 59721.6   | 174.1                      | 80.2   | 59976.0  | -2.8                            | -2.7           |
| Loans   | 58498.9   | 168.7                      | 78.9   | 58746.5  | -3.5                            | -3.3           |
| Securities other than shares                      | 344.6   | 0.0                        | 0.4  | 345.0  | 4.6                             | 3.7            |
| Shares and other equity                           | 878.1   | 5.5                        | 0.9  | 884.5  | 80.0                            | 73.1           |
| less: Deposits of central government              | 4173.3  | 2121.8                     | 3.6  | 6298.6   | -16.2                           | 8.0            |
| less: Longer-term financial liabilities           | 15870.6   | 311.8                      | -216.1   | 15966.4  | 13.0                            | 14.4           |
| less: Other items (net)                           | -501.2  | -194.6                     | 24.8   | -671.0   | x                               | x              |

**Footnote.** The totals cannot correspond to the sums of terms due to rounding.

### Symbols and conventions

„0.0“ Magnitude less than indicated measurement units

„...“ Data not available, although the phenomenon existed

„x“ Indicator is not calculated in such expression, although the phenomenon existed