**10 July 2012**

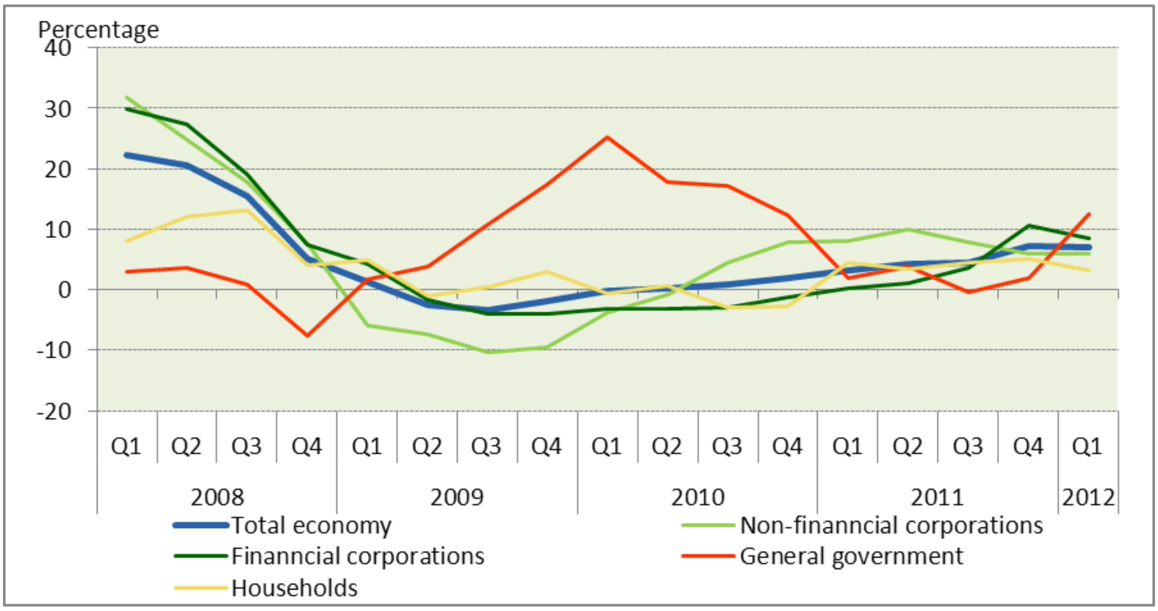
**FINANCIAL ACCOUNTS OF LITHUANIA FOR THE FIRST QUARTER OF 2012**

*At the end of the first quarter of 2012, the annual growth rate[1] of Lithuania's financial assets (7%) exceeded that of liabilities (6%). In the same quarter of 2011, the said growth rates accounted for 3 and 1 per cent, respectively.*

*In the first quarter of 2012 net acquisition of financial assets was positive in all sectors except for financial corporations. Net incurrence of liabilities of all sectors but financial corporations was positive as well.*

*At the end of the first quarter, financial corporations managed the largest amount of financial assets, whereas non-financial corporations amounted the largest sum of liabilities.*

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

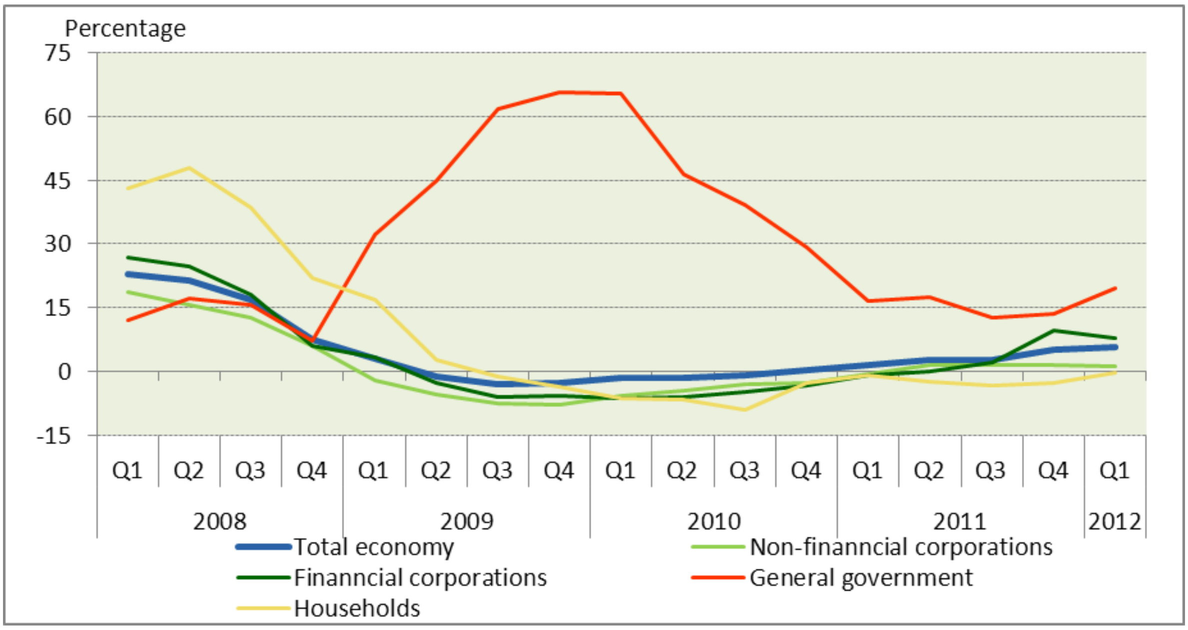



At the end of the first quarter of 2012, financial assets totalled LTL 348.0 billion. The main investment positions of financial assets were loans (26%), shares (25%), deposits (20%), and debt securities (9%).

At the end of the first quarter, Lithuania's liabilities totalled LTL 414.2 billion. Loans and debt securities accounted for one third (34%) 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 in volume.

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




In the first quarter of 2012, the largest amount of financial transactions was related to general government sector. Net acquisition of financial assets was positive in all sectors except financial corporations. Net incurrence of liabilities of all sectors but financial corporations was positive as well:

Table 1. **Financial transactions between institutional sectors**
*(2012 Q1, LTL billion)*

| Assets / Liabilities | Non-financial corporations | Financial corporations | General government | Hoseholds[1] | Rest of the world | **Total** |
|---|---|---|---|---|---|---|
| Non-financial corporations | 0.57 | -0.17 | 0.00 | 1.80 | 0.95 | **3.15** |
| Financial corporations | -1.65 | -3.64 | 3.13 | 0.50 | -2.30 | **-3.97** |
| General government | 0.99 | 0.07 | 0.85 | -0.70 | 5.03 | **6.24** |
| Households[1] | 0.93 | -0.24 | 0.00 | 0.00 | 0.0 | **0.68** |
| Rest of the world | 0.66 | 1.07 | 0.69 | -0.16 | X | **2.27** |
| **Total** | **1.50** | **-2.91** | **4.67** | **1.44** | **3.67** | **8.38** |

[1] Including Non-profit institutions serving Households.
X – Not applicable

At the end of the first quarter, the largest amount outstanding of financial assets was accumulated in the financial corporations' sector, while that of liabilities was predominant in non-financial corporations:

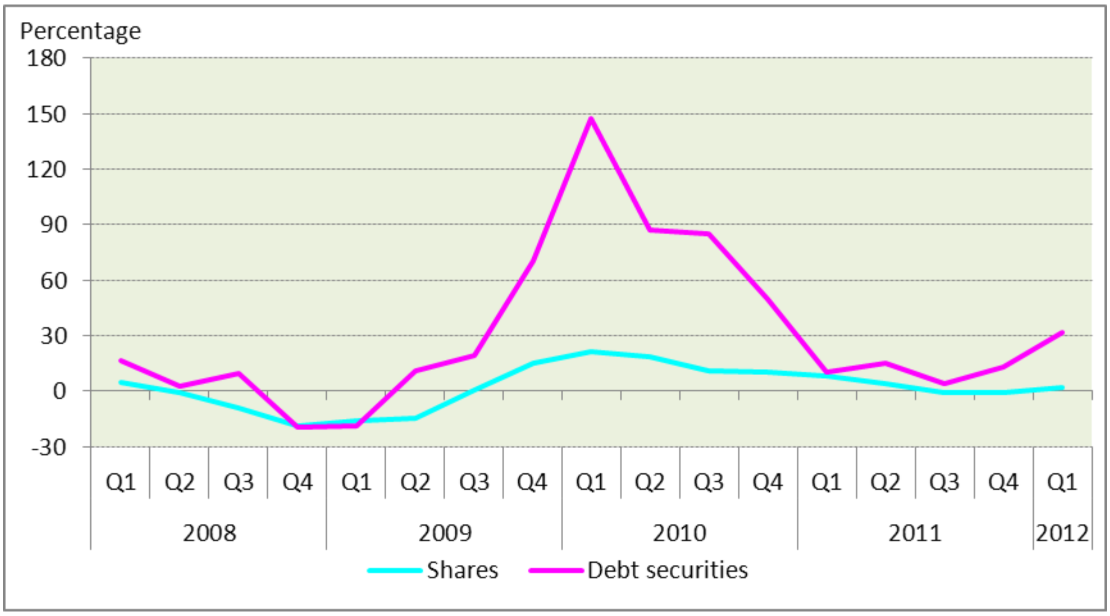
Table 2. **Financial assets and liabilities of institutional sectors**
*(end of Q1 2012, LTL billion)*

| Assets / Liabilities | Non-financial corporations | Financial corporations | General government | Hoseholds[1] | Rest of the world | **Total** |
|---|---|---|---|---|---|---|
| Non-financial corporations | 38.46 | 36.57 | 16.58 | 40.47 | 48.48 | **180.55** |
| Financial corporations | 17.69 | 16.48 | 12.56 | 45.02 | 41.48 | **133.23** |
| General government | 2.59 | 9.77 | 7.16 | 2.47 | 41.38 | **63.37** |
| Households[1] | 9.01 | 27.93 | 0.00 | 0.00 | 0.10 | **37.04** |
| Rest of the world | 16.70 | 42.91 | 3.93 | 1.69 | X | **65.23** |
| **Total** | **84.45** | **133.65** | **40.24** | **89.65** | **131.44** | **479.42** |

[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 the first quarter of 2012, holdings of debt securities by non-residents accounted 78 per cent of total debt securities issued in Lithuania. Annual growth rate of the said securities equalled 32 per cent (at the same period of 2011, it made up 10%; see Fig. 3). Non-residents also owned almost one third (33%) of total shares issued in Lithuania, whose annual growth rate was 2 per cent (at the end of the first quarter of 2011, it made up 8%; see Fig. 3). The largest portion of non-resident investment went to Lithuania's financial sector: they owned 96 per cent of shares issued by other monetary financial institutions (other MFIs)[2] and 58 per cent of shares issued by insurance corporations.

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



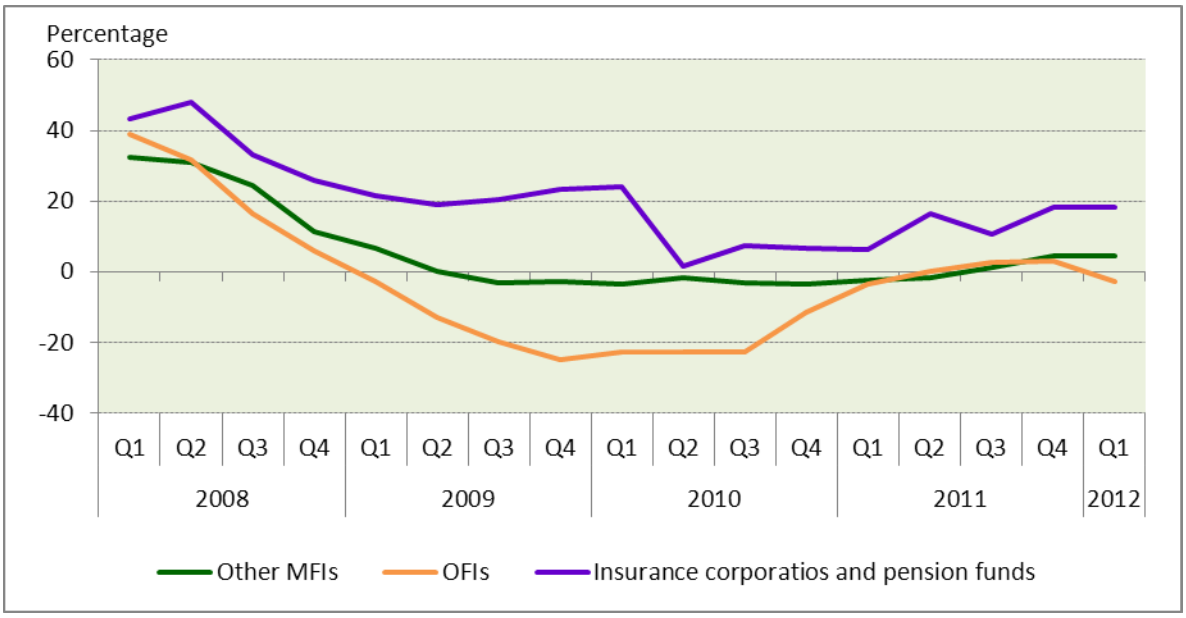

[2] Other MFIs cover banks, credit unions, branches of foreign banks, and money market funds.

## 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 first quarter, financial assets of other MFIs totalled LTL 87.1 billion, and their annual growth rate was 4 per cent, whereas a year ago the later was -2 per cent (see Fig. 4).

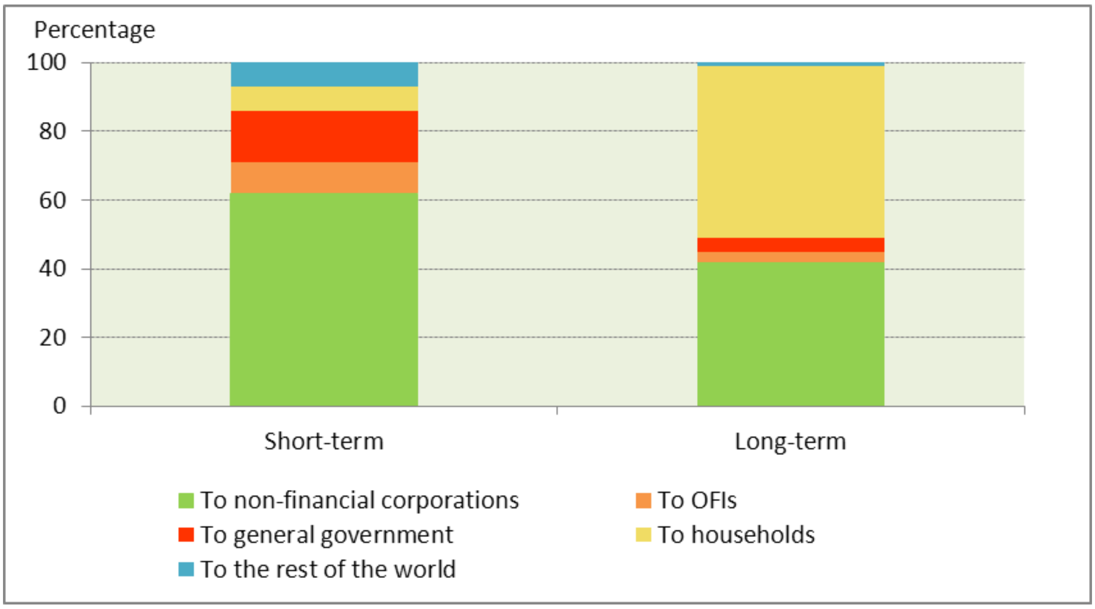
Fig.4. **Financial assets of financial corporations**
*(annual growth rate)*




Loans accounted for almost three quarters (71%) of other MFIs' financial assets. However, their share in financial assets has slightly declined (at the end of the first quarter of 2011, it made up 75%). In the first quarter of 2012, short-term loans decreased on an annual basis by 5 per cent and long-term loans – by 3 per cent. Non-financial corporations and households were the main borrowers of other MFIs. At the end of the quarter, short-term loans to non-financial corporations made up LTL 6.4 billion (62% of total short-term loans) and long-term loans amounted to LTL 21.5 billion (42% of total long-term loans; see Fig. 5). Short-term loans and long-term loans to households totalled, respectively, LTL 0.7 billion (7%) and LTL 26.0 billion (50%).

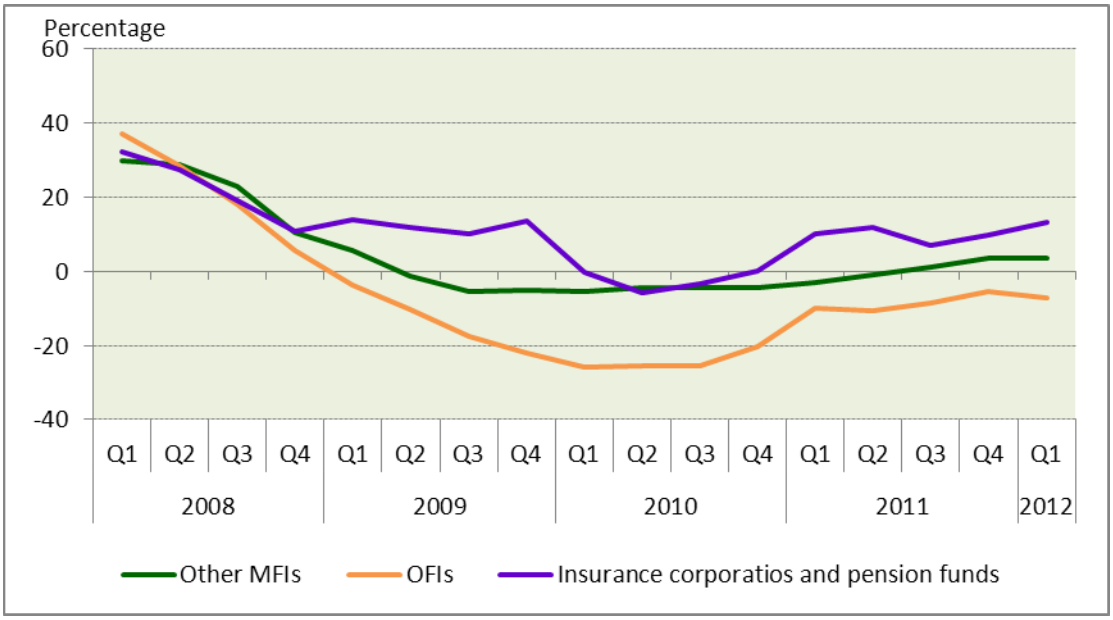
[3] OFIs cover financial leasing corporations and other corporations engaged in credit granting, and investment funds.

Fig.5. **Loans granted by other MFIs**
*(end of Q1 2012)*



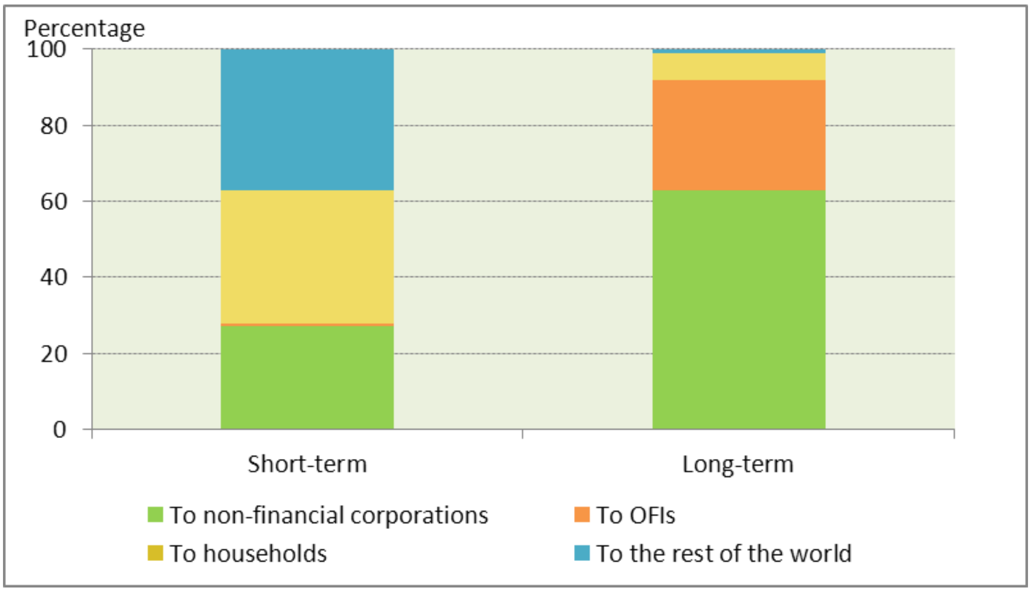

At the end of the first quarter of 2012, the liabilities of other MFIs amounted to LTL 88.5 billion with the annual growth rate of 3 per cent. In comparison, a year ago their annual change was -3 per cent (see Fig. 6). Transferable deposits (29%) and other deposits (52%) accounted for the largest shares of liabilities.

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



Financial assets of OFIs amounted to LTL 12.3 billion, whereas their annual growth rate was -3 per cent, the same as in the first quarter of 2011 (see Fig. 4.) As in the case of other MFIs, loans accounted for the largest share of OFIs' financial assets (68%). The largest portion of short-term loans (37%) was granted to non-residents, whereas the largest portion of long-term loans (63%) was granted to non-financial corporations (see Fig. 7).

Fig.7. **Loans granted by OFIs**
*(end of Q1 2012)*




At the end of the first quarter, OFIs' liabilities equalled to LTL 10.4 billion. Their annual growth rate was -7 per cent (in the corresponding quarter of 2011, the rate was -10%; see Fig. 6). Unlike other MFIs, OFIs accumulate funds through borrowing from other economic entities; consequently, both short-term loans (12%) and long-term loans (54%) made up the largest shares of their liabilities.

At the end of the first quarter, financial assets of insurance corporations and pension funds amounted to LTL 7.7 billion, whereas the annual growth rate of these assets made up 18 per cent (in the corresponding quarter of 2011, the rate was 6%; 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 (46%) and shares of investment funds (42%).

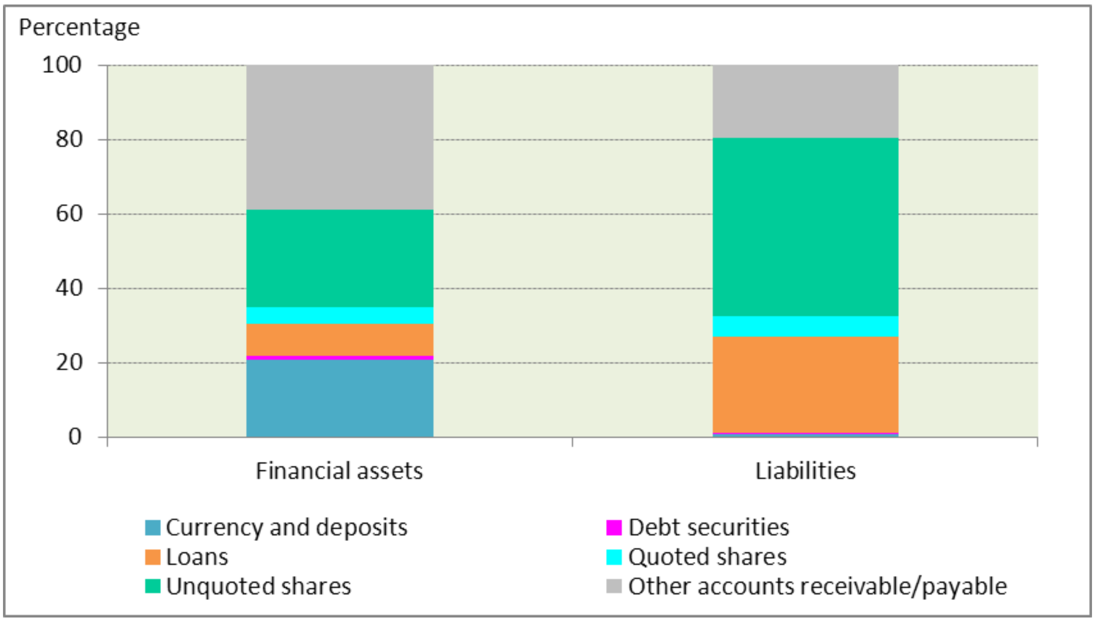
Liabilities of insurance corporations and pension funds totalled LTL 8.1 billion, with the annual growth rate of 13 per cent (in the first quarter of 2011 the said rate was 10%; see Fig. 6). At the end of the first quarter of 2012, pension funds and insurance technical reserves accounted, respectively, for 55 and 34 per cent of total liabilities.

## NON-FINANCIAL CORPORATIONS

At the end of the first quarter of 2012, financial assets of non-financial corporations amounted to LTL 84.4 billion, whereas their annual growth rate was 6 per cent (in the first quarter of 2011, it made up 8%; see Fig. 1).

Unquoted shares and other accounts receivable accounted for the largest portions of financial assets. At the end of the first quarter, the said portions made up 26 and 39 per cent, respectively (see Fig. 8).

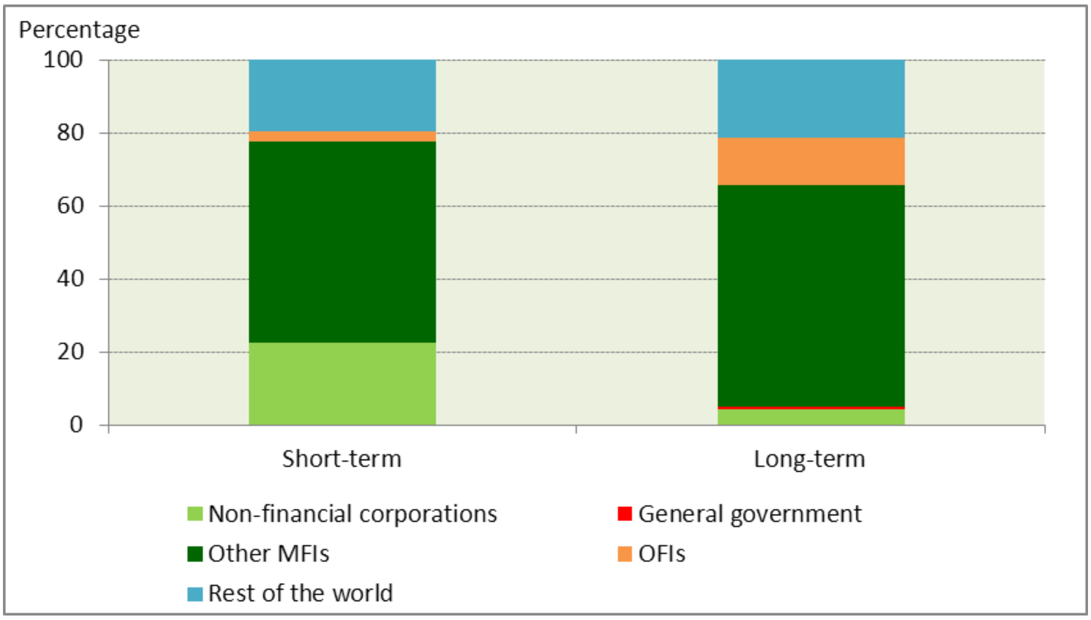
Fig.8. **Financial assets and liabilities of non-financial corporations**
*(end of Q1 2012)*




At the end of the first quarter, liabilities of non-financial corporations totalled LTL 180.6 billion; their annual growth rate was 1 per cent (in the first quarter of 2011, it was -0.5%; see Fig. 2).

Unquoted shares and loans were the largest segments of liabilities, making up, respectively, 48 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, respectively, LTL 11.6 billion and LTL 35.4 billion. Loans received from other MFIs made up 55 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 (22%) to each other. Loans received from the rest of the world made up about 20 per cent of total short-term loans and 21 per cent of total long-term loans (see Fig. 9).

Fig.9. **Loans granted to non-financial corporations**
*(end of Q1 2012)*




At the end of the first quarter of 2012, the debt of non-financial corporations totalled LTL 47.1 billion and comprised 44 per cent of GDP (see Table 3.).

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

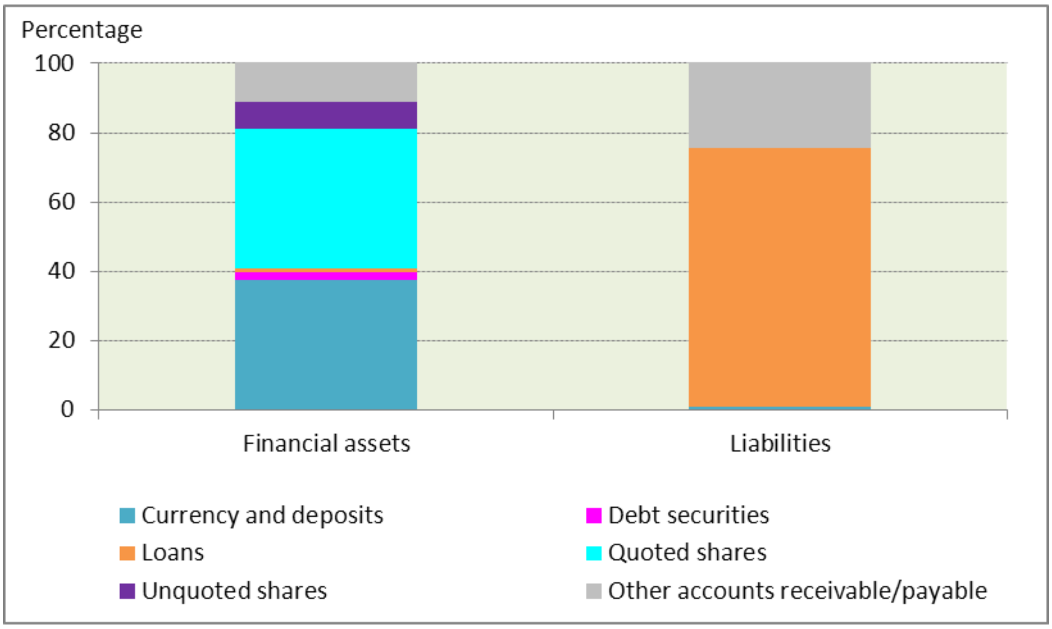
| Indicators | 2011 | | | | 2012 |
|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Debt, LTL billion[1] | 46.5 | 48.3 | 48.0 | 46.5 | 47.1 |
| Ratio of debt to GDP[2] | 47.9 | 48.3 | 46.6 | 43.9 | 43.6 |
| Ratio of debt to total financial assets[3] | 57.9 | 58.0 | 57.4 | 56.4 | 55.8 |
| Ratio of debt to equity[4] | 49.4 | 51.2 | 51.2 | 50.1 | 49.0 |
| Acid-test ratio[5] | 65.2 | 64.1 | 62.8 | 60.8 | 63.0 |

[1] Short-term and long-term debt securities, short-term and long-term loans, at market prices
[2] Ratio of debt (see1) to the quarterly GDP of the latest four quarters (at current prices)
[3] Ratio of debt (see1) to the total financial assets
[4] Ratio of debt (see1) to the shares and other equity
[5] Ratio of short-term debt securities issued and short-term loans to the currency, transferable deposits, short-term debt securities, short-term loans granted.

## HOUSEHOLDS

At the end of the first quarter of 2012, financial assets of households totalled LTL 89.0 billion; their annual growth rate was 3 per cent, while in the same quarter of 2011. the said rate was 5 per cent (see Fig. 1). Shares and currency and deposits represented the largest segments of households' financial assets: 40 and 37 per cent. respectively (see Fig. 10).

Fig. 10. **Financial assets and liabilities of households**
*(end of Q1 2012)*




At the end of the quarter, liabilities of households amounted to LTL 37.0 billion. Their annual growth rate dropped to -0.4 per cent (in the same quarter of 2011, it was -0.9 per cent; see Fig. 2). Loans and other accounts payable made up, respectively, 75 and 25 per cent of household liabilities (see Fig. 10).

At the end of the first quarter of 2012, the debt of households totalled LTL 27.6 billion and comprised 26 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 |
| Debt, LTL billion[1] | 28.4 | 28.3 | 28.7 | 27.9 | 27.6 |
| Ratio of debt to GDP[2] | 29.3 | 28.3 | 27.8 | 26.3 | 25.5 |
| Ratio of debt to total financial assets[3] | 34.4 | 33.3 | 33.5 | 32.2 | 31.0 |
| Acid-test ratio[4] | 6.8 | 6.7 | 7.7 | 6.8 | 6.7 |

[1] Short-term and long-term debt securities, short-term and long-term loans, at market prices

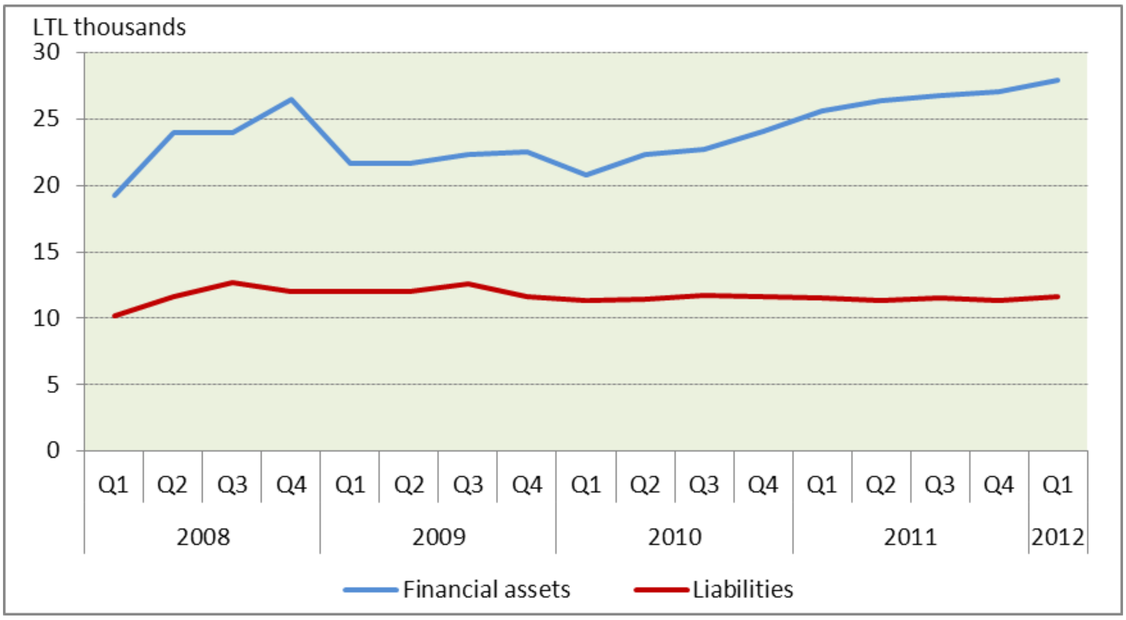
[2] Ratio of debt (see1) to the quarterly GDP of the latest four quarters (at current prices)

[3] Ratio of debt (see1) to the total financial assets

[4] Ratio of short-term debt securities issued and short-term loans to the currency, transferable deposits, short-term debt securities, short-term loans granted.

At the end of the first quarter of 2012, financial assets of the Lithuanian households per capita amounted to LTL 28 thousand, whereas liabilities per capita made up LTL 12 thousand (see Fig. 11).

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

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