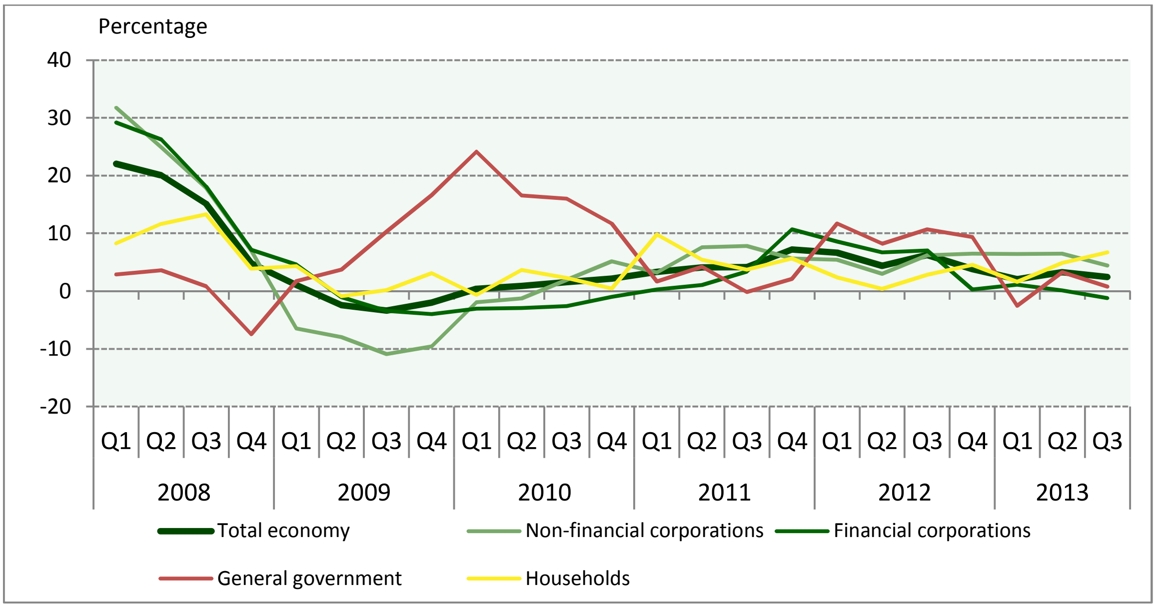
**10 January 2014**

# LITHUANIA'S FINANCIAL ACCOUNTS FOR Q3 2013

*In the third quarter of 2013, the annual growth rate[1] of Lithuania's financial assets (2%) exceeded that of liabilities (1%). In Q3 2012, the said growth rates accounted for 6 and 5 per cent, respectively. Net acquisition of financial assets in all sectors of Lithuania's economy was positive. Net incurrence of liabilities in all sectors, except for general government, was positive as well.*

At the end of the third quarter of 2013, financial assets totalled LTL 373.7 billion. The main investment positions of financial assets were shares (28%), loans (24%), and deposits (19%).

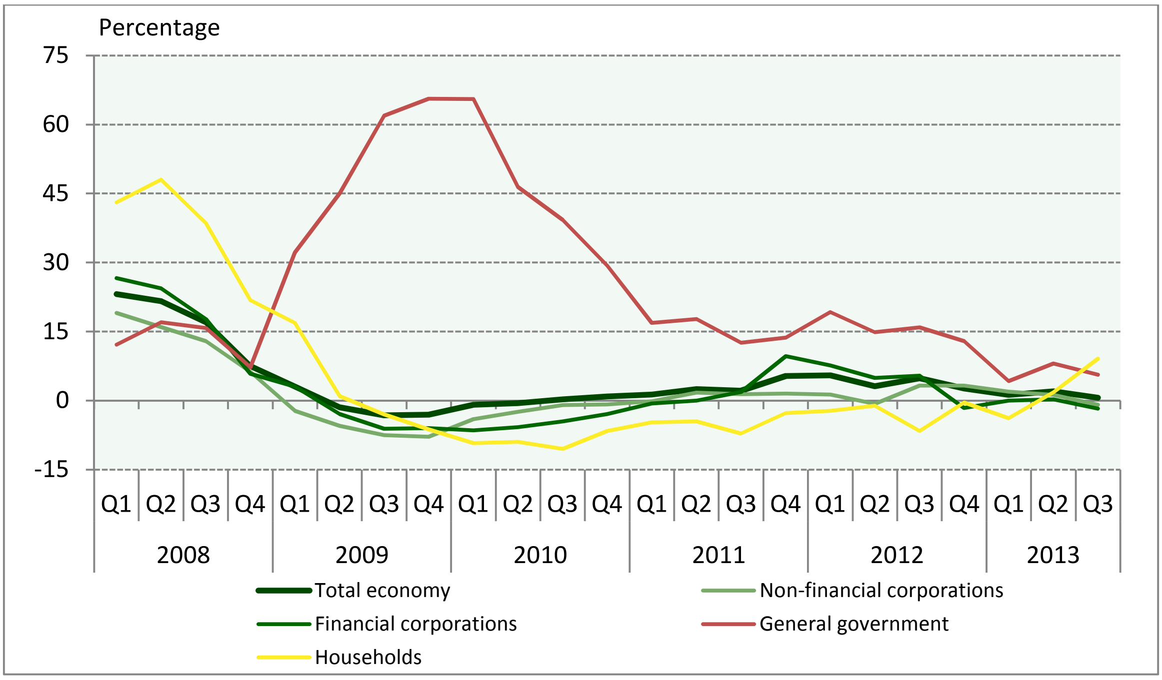
Fig. 1. **Lithuania's financial assets**
*(annual growth rate)*




At the end of the third quarter, Lithuania's liabilities totalled LTL 434.7 billion. Loans and debt securities accounted for one third (33%) of total liabilities.

[1] Annual growth rate is calculated by taking the difference between end-of-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 Q3 2013, net acquisition of financial assets in all sectors of Lithuania's economy, was positive. Net incurrence of liabilities in all sectors, except for general government, was positive as well (see Table 1).

Table 1. **Financial transactions between institutional sectors**
*(Q3 2013; LTL billions)*

| Assets / Liabilities | Non-financial corporations | Financial corporations | General government | Households[1] | Rest of the world | **Total** |
|---|---|---|---|---|---|---|
| Non-financial corporations | 0.8 | 0.0 | -0.1 | 0.6 | 0.9 | **2.2** |
| Financial corporations | 0.8 | –0.2 | 0.4 | –0.2 | –0.2 | **0.6** |
| General government | 0.1 | 0.3 | 0.3 | 1.7 | –2.6 | **–0.2** |
| Households[1] | 0.3 | 0.1 | 0.0 | 0.0 | 0.0 | **0.4** |
| Rest of the world | 0.5 | 1.5 | –0.4 | 0.7 | X | **2.3** |
| **Total** | **2.5** | **1.7** | **0.2** | **2.8** | **–1.9** | **5.3** |

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

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

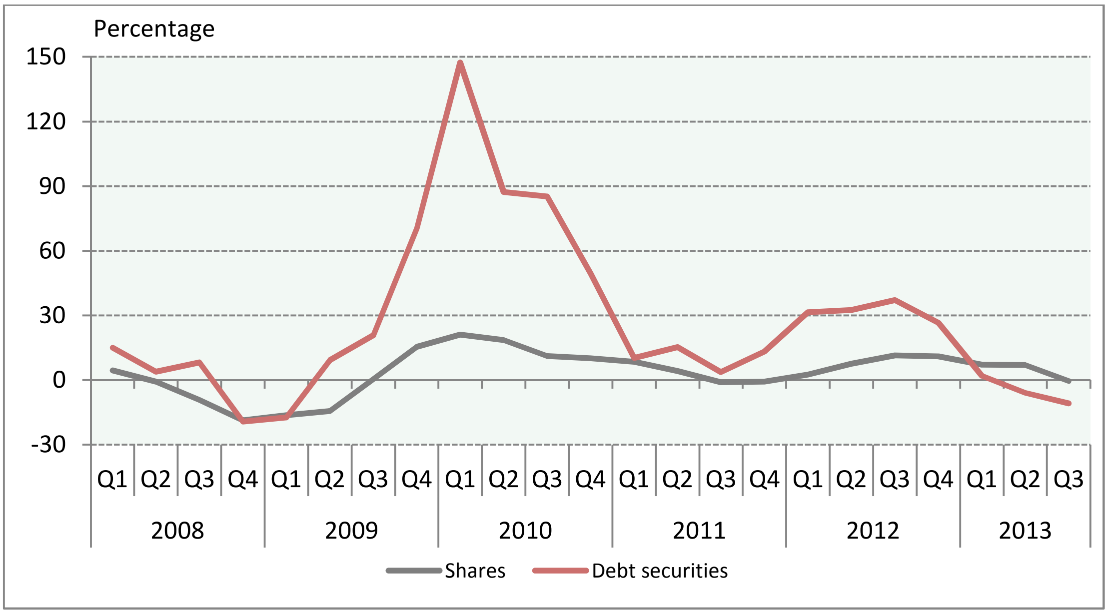
Table 2. **Financial assets and liabilities of institutional sectors**
*(end of Q3 2013; LTL billions)*

| Assets / Liabilities | Non-financial corporations | Financial corporations | General government | Households[1] | Rest of the world | **Total** |
|---|---|---|---|---|---|---|
| Non-financial corporations | 50.8 | 37.9 | 16.7 | 48.5 | 45.5 | **199.4** |
| Financial corporations | 19.9 | 17.4 | 14.3 | 46.0 | 37.0 | **134.6** |
| General government | 2.4 | 12.0 | 10.0 | 3.2 | 39.7 | **67.3** |
| Households[1] | 5.9 | 27.4 | 0.0 | 0.0 | 0.1 | **33.4** |
| Rest of the world | 17.8 | 39.7 | 1.7 | 2.0 | 0.0 | **61.2** |
| **Total** | **96.8** | **134.4** | **42.7** | **99.7** | **122.3** | **495.9** |

[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 Q3 2013, holdings of debt securities by non-residents accounted for 75 per cent of total debt securities issued in Lithuania. Annual growth rate of the said securities equalled –11 per cent (in Q3 2012 it accounted for 37%; see Fig. 3). Non-residents also owned 30 per cent of total shares issued in Lithuania, whose annual growth rate was –0.4 per cent (in Q3 2012 it made up 11%; see Fig. 3). The largest portion of non-resident investment went to Lithuania's financial sector: non-residents owned 98 per cent of shares issued by other monetary financial institutions (other MFIs)[2] and 64 per cent of shares issued by insurance corporations.

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



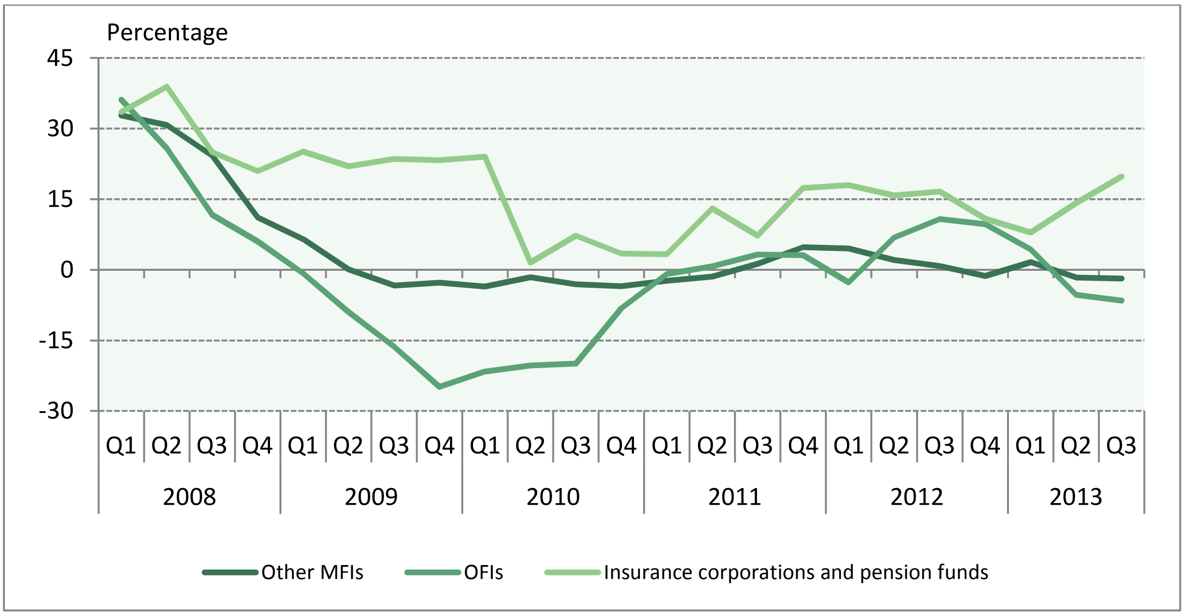

[2] Other MFIs — banks, credit unions, branches of foreign banks, and money market funds.

## 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 third quarter, financial assets of other MFIs totalled LTL 84.8 billion. Their annual growth rate was –2 per cent, whereas a year ago it was 1 per cent (see Fig. 4).

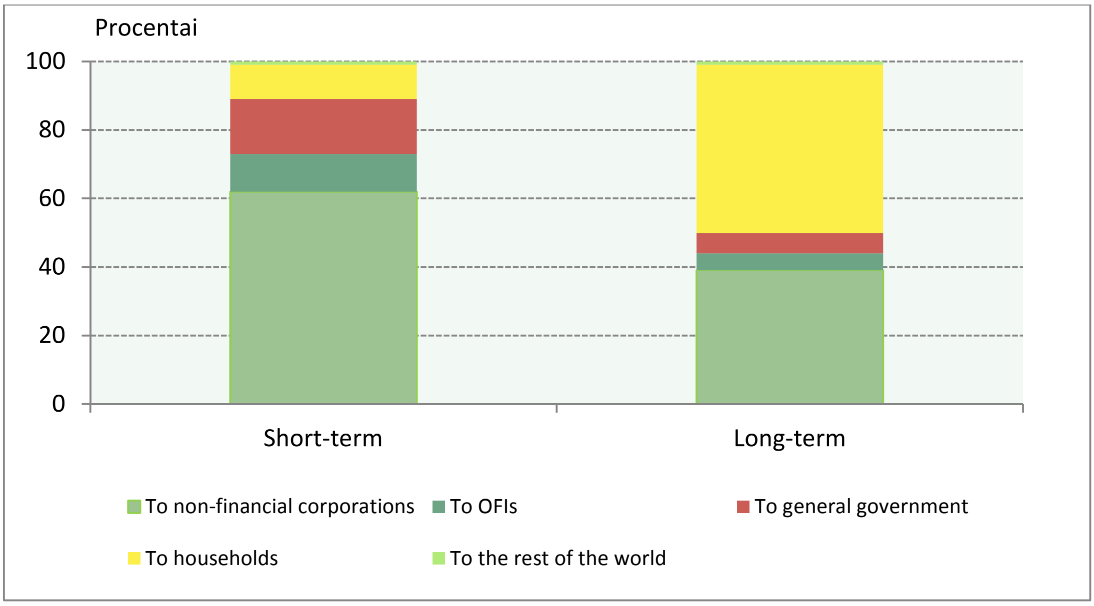
Fig. 4. **Financial assets of financial corporations**
*(annual growth rate)*




Loans accounted for almost three quarters (72%) of the financial assets of other MFIs. In Q3 2013, short-term loans decreased year on year by 6 per cent, and long-term loans decreased by 2 per cent. Most of the 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 6.1 billion (62% of total short-term loans) and long-term loans amounted to LTL 20 billion (39% of total long-term loans; see Fig. 5). Short-term loans and long-term loans to households totalled LTL 0.9 billion (10%) and LTL 25.1 billion (49%), respectively.

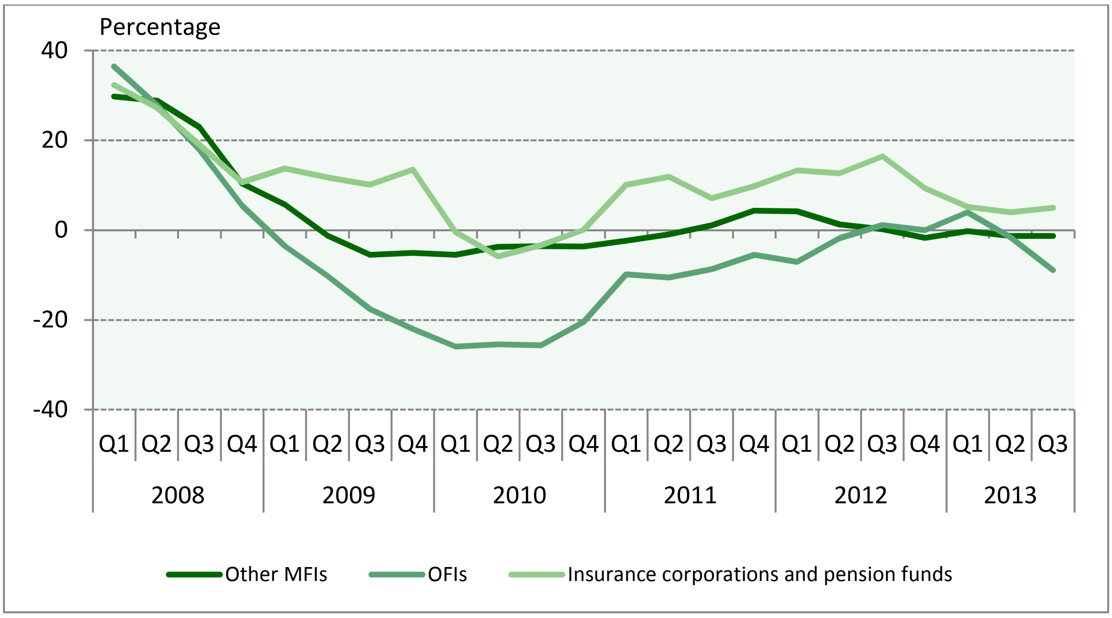
[3] OFIs — financial leasing corporations and other corporations engaged in credit granting and investment funds.

Fig. 5. **Loans granted by other MFIs**
*(end of Q3 2013)*



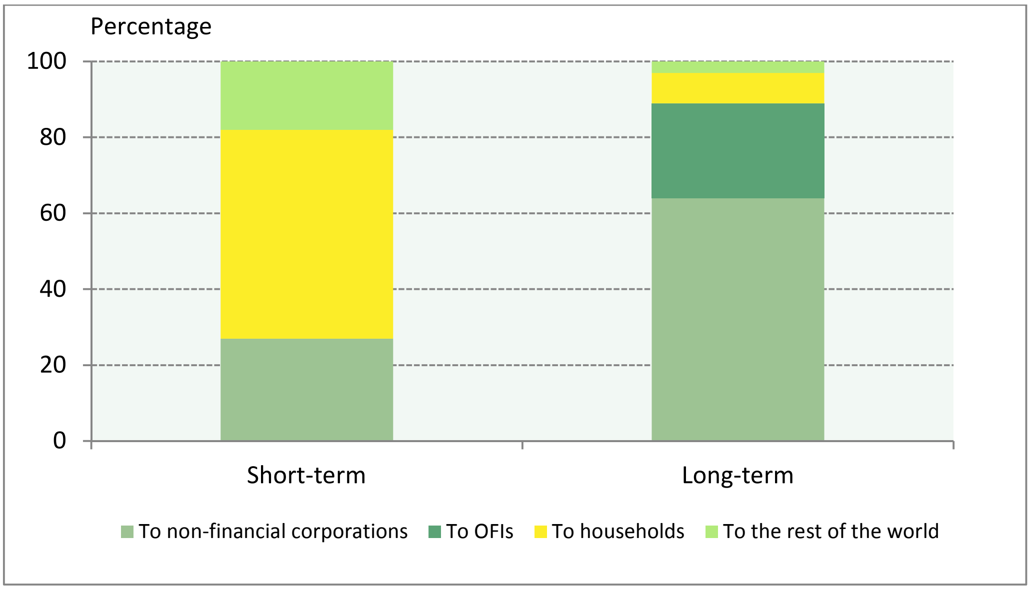

At the end of Q3 2013, liabilities of other MFIs amounted to LTL 87.5 billion with an annual growth rate of –1.3 per cent. In comparison, a year ago their annual change was 0.2 per cent (see Fig. 6). Transferable deposits (37%) and other deposits (45%) accounted for the largest components of liabilities.

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



At the end of the third quarter, financial assets of OFIs amounted to LTL 15.1 billion, and their annual growth rate was –7 per cent, while in Q3 2012 the rate was 11 per cent (see Fig. 4.). Loans comprised 53 per cent of the financial assets of these institutions. The largest portion of short-term loans (55%) 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 Q3 2013)*




At the end of Q3, liabilities of OFIs equalled LTL 11.6 billion. Their annual growth rate was –9 per cent (it was 1% in Q3 2012; 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 (51%) accounted for the largest parts of their liabilities.

At the end of Q3, financial assets of insurance corporations and pension funds amounted to LTL 8.3 billion, whereas the annual growth rate of these assets accounted for 20 per cent (in Q3 2012 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 (45%) and investment fund shares (46%).

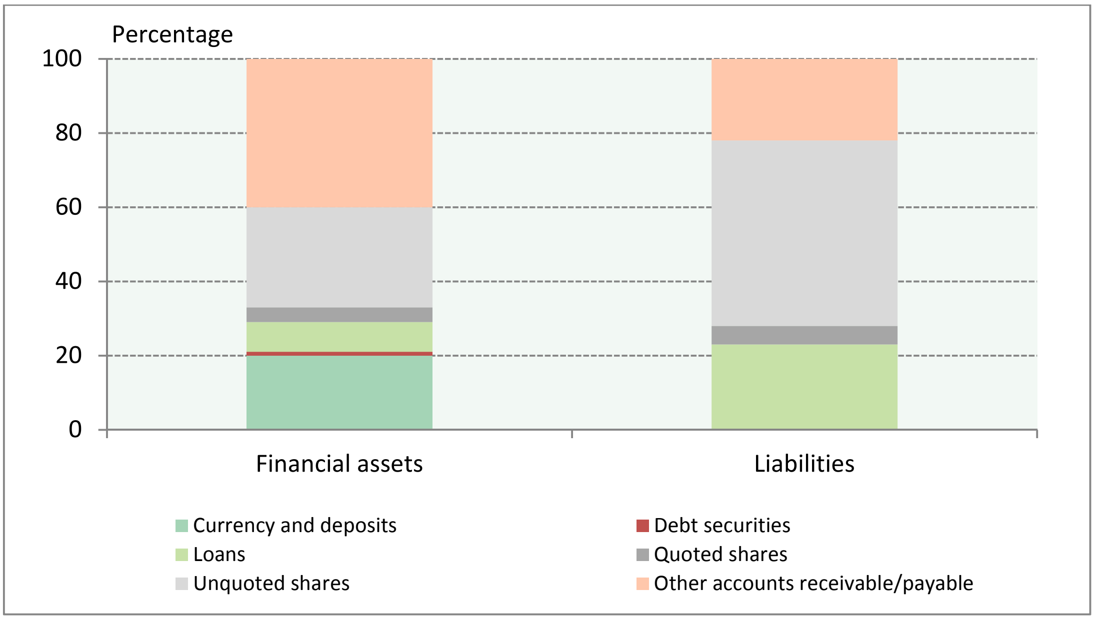
Liabilities of insurance corporations and pension funds totalled LTL 8.9 billion, with an annual growth rate of 5 per cent (in Q3 2012, the rate was 16%; see Fig. 6). At the end of Q3 2013, pension funds and insurance technical reserves accounted for 60 and 31 per cent, respectively, of total liabilities.

## NON-FINANCIAL CORPORATIONS

At the end of Q3 2013, financial assets of non-financial corporations amounted to LTL 96.8 billion, whereas their annual growth rate was 4 per cent, while in Q3 2012 it was 6 per cent (see Fig. 1).

Unquoted shares and other accounts receivable composed the largest portion of financial assets. At the end of the third quarter, the said components made up 27 and 40 per cent, respectively (see Fig. 8).

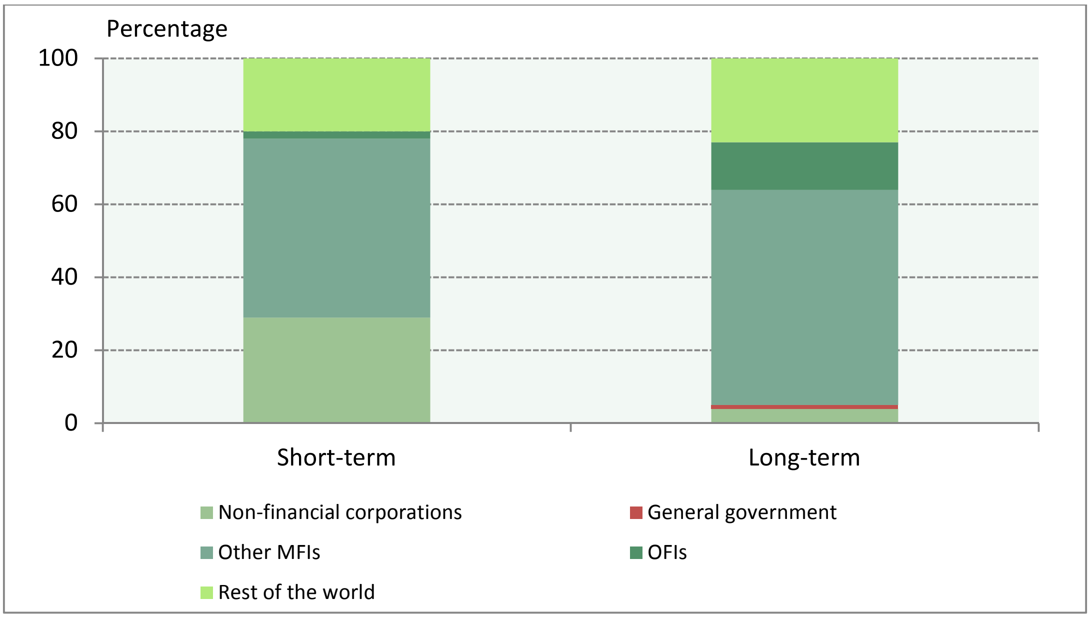
Fig.8. **Financial assets and liabilities of non-financial corporations**
*(end of Q3 2013)*




At the end of the third quarter, liabilities of non-financial corporations totalled LTL 199.4 billion; their annual growth rate was –1 per cent (in Q3 2012 it was 3%; see Fig. 2).

Unquoted shares and loans were the largest segments of liabilities, accounting for, respectively, 48 and 23 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 12.6 billion and LTL 33.9 billion, respectively. Loans received from other MFIs were 49 per cent of short-term loans and 59 per cent of total long-term loans. Besides, non-financial corporations granted a significant portion (29%) of short-term loans to each other. Loans received from the rest of the world made up 20 per cent of total short-term loans and 23 per cent of total long-term loans (see Fig. 9).

Fig. 9. **Loans granted to non-financial corporations**
*(end of Q3 2013)*




At the end of Q3 2013, the debt of non-financial corporations totalled LTL 46.6 billion and comprised 39.5 per cent of gross domestic product (GDP; see Table 3).

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

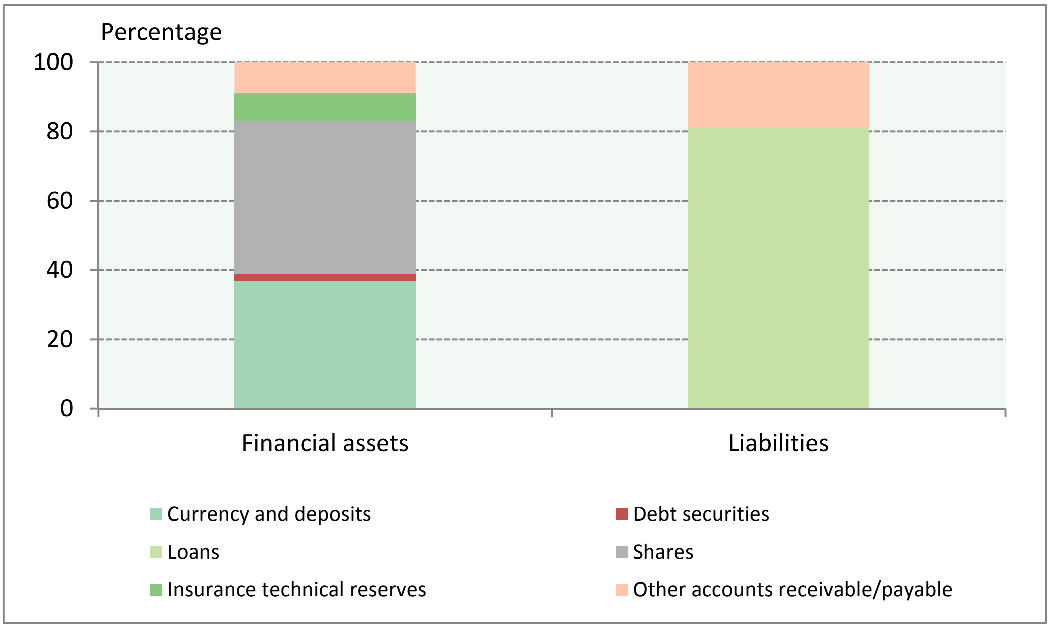
| Indicators | 2012 | | | | 2013 | | |
|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Debt, LTL billions[1] | 46.4 | 48.1 | 48.2 | 48.5 | 48.7 | 46.5 | 46.6 |
| Ratio of debt to GDP[2] | 42.6 | 43.7 | 43.1 | 42.6 | 42.5 | 40.0 | 39.5 |
| Ratio of debt to total financial assets[3] | 55.3 | 56.5 | 54.3 | 55.6 | 52.1 | 49.2 | 48.2 |
| Ratio of debt to equity[4] | 48.3 | 50.7 | 49.6 | 49.4 | 46.7 | 43.0 | 42.4 |
| Ratio of short-term liabilities to short-term assets[5] | 65.2 | 73.6 | 69.9 | 65.6 | 60.9 | 58.9 | 60.0 |

[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 Q3 2013, financial assets of households totalled LTL 99 billion; their annual growth rate was 7 per cent (in Q3 2012 it was 3%; see Fig. 1). Currency and deposits and shares represented the largest segments of the financial assets of households: 37 and 44 per cent, respectively (see Fig. 10).

Fig. 10. **Financial assets and liabilities of households**
*(end of Q3 2013)*




At the end of the quarter, liabilities of households amounted to LTL 33.3 billion. Their annual growth rate was 9 per cent (in Q3 2012 it was –7%; see Fig. 2). Loans and other accounts payable accounted for, respectively, 81 and 19 per cent of household liabilities (see Fig. 10).

At the end of Q3 2013, the debt of households totalled LTL 27.1 billion and comprised 23 per cent of GDP (see Table 4).

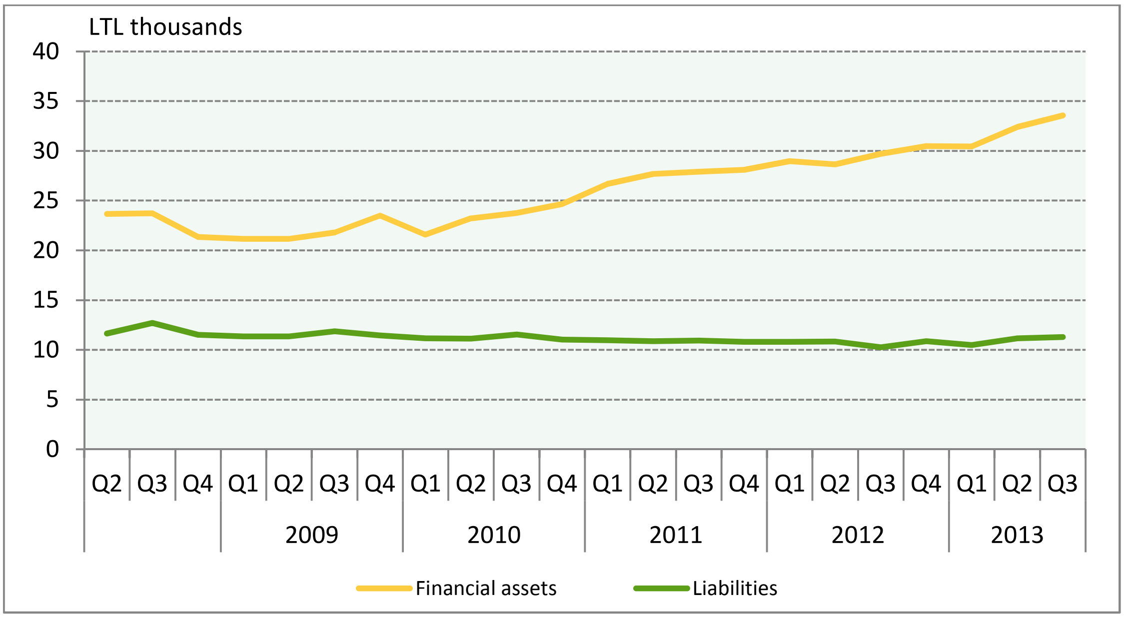
Table 4. **Debt indicators of households**
*(end-of-period; percentage)*

| Indicators | 2012 | | | | 2013 | | |
|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Debt, LTL billions[1] | 27.6 | 27.5 | 27.5 | 27.2 | 27.0 | 27.0 | 27.1 |
| Ratio of debt to GDP[2] | 25.4 | 25.0 | 24.6 | 23.9 | 23.5 | 23.2 | 23.0 |
| Ratio of debt to total financial assets[3] | 31.8 | 32.1 | 31.1 | 30.0 | 29.9 | 28.2 | 27.4 |
| Ratio of short-term liabilities to short-term assets[4] | 7.0 | 7.9 | 8.2 | 7.4 | 7.2 | 7.1 | 7.5 |

[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 Q3 2013, financial assets of Lithuanian households per capita amounted to LTL 34 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)*

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